



# Values creating Value

UniCredito Italiano  
Italian Joint Stock Company  
Registered office: Genoa, via Dante, 1  
General management: Milan, Piazza Cordusio  
Registered in the Genoa Trade and Companies Register (Courts of Genoa)  
Tax Code and VAT No. 00348170101  
Entered in the Register of Banks  
Parent Company of the UniCredito Italiano Banking Group  
Banking Group Register No. 3135.1  
Member of the Interbank Deposit Protection Fund  
Capital Stock: € 5,213,388,513 fully paid in





transparency  
**прозрачность**  
trasparenza

fairness  
**esetlik**  
equitas

libertà  
**Freiheit**  
szabadság  
freedom

fiducia  
**zaufanie**  
trust

uzajamnosť  
**reciprocity**  
reciprocitate

Respekt  
**rispetto**  
respect

# BOARD OF DIRECTORS, BOARD OF AUDITORS AND EXTERNAL AUDITORS

as at 22 March 2006

## Board of Directors

Dieter Rampl \*

**Chairman**

Gianfranco Guty \*  
(First Deputy Chairman)

**Deputy Chairmen**

Franco Bellei \*  
Fabrizio Palenzona \*  
Carlo Salvatori \*

Alessandro Profumo \*\*

**Managing Director/CEO**

Roberto Bertazzoni \*\*

**Directors**

Manfred Bischoff  
Vincenzo Calandra Buonauro  
Giovanni Desiderio  
Volker Doppelfeld  
Giancarlo Garino  
Francesco Giacomini \*\*  
Piero Gnudi  
Friedrich Kadrnoska \*\*  
Max Dietrich Kley  
Luigi Maramotti  
Diether Münich \*\*  
Carlo Pesenti  
Hans Jürgen Schinzler  
Giovanni Vaccarino  
Paolo Vagnone \*\*  
Nikolaus von Bomhard \*\*  
Anthony Wyand

Marco Fantazzini

**Company Secretary**

## Board of Auditors

Gian Luigi Francardo

**Chairman**

Giorgio Loli  
Aldo Milanese  
Vincenzo Nicastro  
Roberto Timo

**Statutory Auditors**

Giuseppe Armenise  
Marcello Ferrari

**Alternate Auditors**

KPMG S.p.A.

**External Auditors**

\* Member of the Chairman's Committee and of the Executive Committee

\*\* Executive Committee Member





fairness  
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equité

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reciprocitate

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respect

liberty  
sabadagság  
freiheit

# GENERAL MANAGEMENT

as at 22 March 2006

## Management Committee

Alessandro Profumo	Managing Director / CEO
Ranieri de Marchis	Planning, Finance and Administration (CFO) *
Sergio Ermotti	Multinationals / Investment Banking Division *
Paolo Fiorentino	Global Banking Services Division *
Dario Frigerio	Private Banking and Asset Management Division *
Erich Hampel	Central Eastern Europe (CEE) Division *
Andrea Moneta	Chief Integration Officer *
Roberto Nicastro	Retail Division *
Vittorio Ogliengo	Corporates / SMEs Division *
Johann Berger	Commercial Real Estate Financing Division
Henning Giesecke	Risk Management (CRO)
Franz Herrlein	Deputy Integration Officer
Rino Piazzolla	Human Resources Strategy
Wolfgang Sprißler	German Region Strategic Advisory Staff

## Other Department Heads

Maurizia Angelo Comneno	Legal, Compliance and Corporate Affairs
Chiara Burberi	Group Organisation
Elisabetta Magistretti	Internal Audit
Edoardo Massaglia	Corporate Identity
Umberto Quilici	Group ICT

Franco Leccacorvi	Chief Accountant
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\* Position held by a Group Deputy General Manager



fairness  
equità  
esitlik  
equity

transparency

прозрачность

trasparenza

liberty

liberté

freedom

freiheit

liberdade

Respekt

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fiducia

dozaukanie

reciprocitate

reciprocity

reciprocity



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### Note to the Report on Operations:

The following conventional symbols have been used in the tables:

- **A dash (-)** indicates that the item/figure is inexistent;
- **Two stops (..) or (n.s.)** when the figures do not reach the minimum considered significant or are not in any case considered significant;
- **"N.A."** indicates that the figure is not available.

Unless otherwise indicated, all amounts are in **millions of euros**.



# Introduction

To the Shareholders:

The year 2005 was one of intense activity: your Company and the entire Group were mainly occupied by the business combination with the HVB Group, of which you will find a full account in the Consolidated Report and Accounts. Several other corporate transactions were carried out in 2005 as part of the Group's ongoing reorganisation. Your Company absorbed Banca dell'Umbria and Cassa Risparmio Carpi, which had a significant effect on profits, inter alia.

2005 was also marked by the transition to IFRS - obligatory for consolidated accounts and optional for individual companies. We opted to continue to prepare our Accounts under Italian GAAP (DL 87/92), principally for prudential reasons, since tax regulations are still incomplete and the accounting rules have not been fully tested.

Net profit for 2005 was €2,257 million, well above 2004's €1,750 million, which included the transfer to profit and loss of €117 million from the general banking risks fund. This result was mainly due – besides the mentioned absorption of Banca dell'Umbria and Cassa Risparmio Carpi – to the following:

- Dividends from Group companies grew by €429 million, from €1,733 million to €2,162 million, the increase being mainly due to dividend paid by HVB and Bank Austria Creditanstalt ("BACA") and increased dividend from UniCredit Banca.
- The operating result net of Group companies' dividend fell by €19 million to a loss of €219 million as against a deficit of €200 million in 2004.
- Writedowns and provisions fell by €111 million over 2004.
- Net extraordinary income increased to €247 million from €121 million, i.e. by €126 million over 2004.

This result enables us to propose to the Shareholders' Meeting the distribution of an annual dividend of 22 € cents on each ordinary share and 23.5 € cents on each savings share. This represents an increase, respectively, of 7.3% and 6.8% over 2004 dividend. Dividend yield (i.e., the ratio of dividend to average share price for the year) is 4.79% on ordinary shares (5.02% in 2004) and 4.81% on savings shares (5.35% in 2004).

The Company's **Balance Sheet** and **Profit and Loss Account** as at 31 December 2005 (and the two prior years) are given below in summary form.

# Reclassified Accounts

(€ million)

BALANCE SHEET			
	AS AT		
	31.12.2005	31.12.2004	31.12.2003
<b>Assets</b>			
Cash and deposits with central banks and post offices	46	42	49
Due from:			
- customers	12,091	11,674	13,149
- banks	68,347	62,964	59,263
Trading securities	3,783	3,162	2,776
Fixed assets:			
- investment securities	26,549	17,570	15,697
- equity investments	32,626	14,761	14,773
- intangible and tangible fixed assets	27	36	43
- own shares	358	358	-
Other assets	7,390	5,956	6,760
<b>Total assets</b>	<b>151,217</b>	<b>116,523</b>	<b>112,510</b>
<b>Liabilities and shareholders' equity</b>			
Deposits:			
- due to customers	5,607	7,133	6,793
- securities in issue	49,382	40,068	28,785
- due to banks	52,406	43,309	51,949
Specific reserves	1,109	996	1,262
Other liabilities	5,076	5,387	4,980
Loan loss reserves	-	-	15
Subordinated debt	7,740	7,225	6,874
Shareholders' equity:			
- Capital and reserves	27,640	10,655	10,059
- Net profit	2,257	1,750	1,793
<b>Total liabilities and shareholders' equity</b>	<b>151,217</b>	<b>116,523</b>	<b>112,510</b>
<b>Guarantees and commitments</b>			
Guarantees given	26,521	21,575	5,327
Commitments	8,686	7,326	6,893

(€ million)

PROFIT AND LOSS ACCOUNT			
	2005	2004	2003
Net interest	-37	-171	-148
Dividends	2,295	1,945	2,049
<b>Net interest income</b>	<b>2,258</b>	<b>1,774</b>	<b>1,901</b>
Net commission	151	84	70
Trading profits (losses)	-17	24	52
<b>Net non-interest income</b>	<b>134</b>	<b>108</b>	<b>122</b>
<b>TOTAL REVENUES</b>	<b>2,392</b>	<b>1,882</b>	<b>2,023</b>
Payroll costs	-302	-224	-235
Other administrative expenses	-259	-209	-241
Net other income	131	102	131
Writedowns of tangible and intangible fixed assets	-19	-18	-35
<b>Operating expenses</b>	<b>-449</b>	<b>-349</b>	<b>-380</b>
<b>OPERATING PROFIT</b>	<b>1,943</b>	<b>1,533</b>	<b>1,643</b>
Goodwill amortisation	-15	-	-
Provisions for risks and charges	-17	-83	-26
Net writedowns of loans and provisions for guarantees and commitments	10	-	12
Net writedowns of financial investments	-21	-71	-65
<b>Total writedowns and provisions</b>	<b>-43</b>	<b>-154</b>	<b>-79</b>
<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND INCOME TAXES</b>	<b>1,900</b>	<b>1,379</b>	<b>1,564</b>
Extraordinary income (charges) - net	247	121	83
Change in fund for general banking risks	-	117	-
Income taxes for the year	110	133	146
<b>NET PROFIT FOR THE YEAR</b>	<b>2,257</b>	<b>1,750</b>	<b>1,793</b>

## Note:

Prior years are not strictly comparable due to the absorption of Banca dell'Umbria and Cassa Risparmio Carpi, legally effective as of 1 July 2005 and commencing, for accounting and tax purposes, on 1 January 2005. In addition, since the 2003 Accounts dividends and taxes have been shown net of the tax credit on dividends to be paid out and since 2004 net of the tax credit on all dividends.



# The Company's Operations

## Human Resources

### PERSONNEL CHANGES

As at 31 December 2005, UniCredito Italiano had 1,554 employees, a decrease of 53 employees from the previous year. This decrease was due to the combined effect of the following:

- a reduction of 70 employees in staff structure abroad (local employees and expatriates in the Parent Company's foreign branch network and at banks in New Europe) due primarily to the closing of the Singapore Branch and downsizing at the London branch;
- the transfer of 26 employees to UniCredit Servizi Informativi following the hiving-off of the "IT Systems for Staff Administration and Management" division;
- a net increase in headcount of 43 employees corresponding to the creation of as many jobs aimed at reinforcing governance, business and coordination/planning positions (this includes meeting the initial demand resulting from the merger with the HVB-BA.CA Group) and at forming an initial core team for the new Group ITC Department.

During the year, the early retirement incentive programme continued for staff entitled to a pension.

For 2005, the average headcount, determined on the basis of end-of-month figures, was 1,580 employees, 94 of whom were part-time.

Changes in the number and breakdown of staff by category are provided in the table below.

CATEGORY	31.12.2005		31.12.2004		CHANGE IN TOTAL
	TOTAL	OF WHICH: OUTSIDE ITALY	TOTAL	OF WHICH: OUTSIDE ITALY	
Senior Management	215	30	194	31	+ 21
Management - 3rd and 4th level	562	51	561	69	+ 1
Management - 1st and 2nd level	217	4	218	7	- 1
Other staff	560	83	634	131	- 74
<b>Total</b>	<b>1,554</b>	<b>168</b>	<b>1,607</b>	<b>238</b>	<b>- 53</b>
<i>of which: Part-time staff</i>	<i>101</i>		<i>99</i>		<i>+ 2</i>

The tables below provide a breakdown of personnel by seniority and age group.

As regards qualifications, 41% of UniCredito Italiano staff (compared to 39% as at 31 December 2004) have a university degree (primarily in economics, business, banking or law). If only Senior Managers and Managers are taken into account, the percentage of those holding a university degree is 53% (compared to 51% the previous year).

Female employees represented 40% of the total, an increase of 1% over the previous year.

BREAKDOWN BY SENIORITY				
	31.12.2005		31.12.2004	
	NUMBER	PERCENT.	NUMBER	PERCENT.
Up to 10	613	39.5%	634	39.5%
From 11 to 20 years	282	18.1%	282	17.5%
From 21 to 30 years	406	26.1%	506	31.6%
Over 30	253	16.3%	185	11.4%
<b>Total</b>	<b>1,554</b>	<b>100.0%</b>	<b>1,607</b>	<b>100.0%</b>

BREAKDOWN BY AGE				
	31.12.2005		31.12.2004	
	NUMBER	PERCENT.	NUMBER	PERCENT.
Up to 30	124	8.0%	125	7.8%
From 31 to 40	472	30.3%	467	29.0%
From 41 to 50	593	38.2%	641	39.9%
Over 50	365	23.5%	374	23.3%
<b>Total</b>	<b>1,554</b>	<b>100.0%</b>	<b>1,607</b>	<b>100.0%</b>

Please refer to the Social and Environmental Report for coverage of issues regarding training, management growth, the Group's Employee Share Ownership Plan, industrial relations, the environment and work safety.

## Main Business Areas

### BRANCHES AND REPRESENTATIVE OFFICES ABROAD

In 2005 the process of rationalising the foreign branch network, which started in 2004, continued with the closing of the Singapore branch and the downsizing of the London branch focusing operations exclusively on the Group's treasury services.

In addition, the representative offices in Budapest, Buenos Aires, Chicago and Frankfurt were closed, while a third representative office in China was opened in Canton.

At the end of 2005 the number of branches was reduced to 4 (London, New York, Hong Kong and Paris), and the number of representative offices to 7 (Brussels, Moscow, Sao Paulo, Mumbai, Beijing, Shanghai and Canton).

UNICREDIT SPA - INTERNATIONAL NETWORK	
BRANCHES	REPRESENTATIVE OFFICES
CHINA - Hong Kong	BELGIUM - Brussels
FRANCE - Paris	BRAZIL - Sao Paulo
UNITED KINGDOM - London	CHINA - Beijing
UNITED STATES - New York	CHINA - Guangzhou
	CHINA - Shanghai
	INDIA - Mumbai
	RUSSIA - Moscow

## INTERNATIONAL AND CORRESPONDENT BANKING

In 2005 the International and Correspondent Banking business unit was reorganised in order to better focus its operations on the sale of products and services aimed at correspondent banks.

At the same time, the following projects continued:

- Correspondent Banking's coordination of subsidiary banks in Central and Eastern Europe;
- Support for the process of internationalisation of the Group's customer base. In this context, the network for co-operation agreements was extended to Greece and Argentina thereby achieving coverage in twenty-five countries.

In the area of international payments, UniCredit's operations posted a further increase in the market share of total payments from abroad to Italy, confirming the constant rising trend in recent years.

In addition, the creation of the new Trade Finance area led to a significant increase in the volume of business transacted. This was due to optimised management of business lines, the expansion of operations providing assistance to the sales network of segment banks and the conclusion of new agreements with partners located in countries that were previously not covered with the aim of giving customers access to new markets.

Finally, towards the end of the year, following the completion of the merger with the HVB Group, the process was launched to integrate the operations of International and Correspondent Banking between UniCredit, HVB and Bank Austria Creditanstalt. This process is focused on creating a new entity capable of competing with major international players.

## GLOBAL INVESTOR SERVICES

In 2005 Global Investor Services confirmed the previous year's business volume and excellent levels of service quality that were also recognised by Global Custodian, the main specialist journal in this sector (with a Top Rated ranking).

As described in the report of the consolidated accounts, in 2005 UniCredit decided to re-engineer Securities Services activities by preparing a plan to combine custody and settlement services, the custodian bank and correspondent bank, fund accounting (including the calculation of market share) and transfer agent operations into a single banking unit. The new unit, called 2S Banca SpA, commenced operations on 1 January 2006. On the same date, the Securities Services of UniCredit (Custody and Settlement Services, Custodian Bank and Correspondent Bank) were assigned to the unit, while Pioneer Investment Management's Fund Administration division and UPA's Back Office and Institutional Customer Securities Administration division were transferred to the new bank. This project also called for the outsourcing of securities services operations to be achieved by selling 2S Banca to a leading international operator, Société Générale, and signing a long-term strategic agreement with the latter (subject to the approval of supervisory authorities) on the basis of which 2S Banca will become the supplier of securities services for the UniCredit Group.

## GROUP TREASURY

With the creation of a Group model based on segment banks, which was finalised in January 2003, Group Treasury centralises the functions of:

- Participation in interbank markets and payment system circuits;
- The hedging of interest rate and liquidity risk through the use of derivative and cash instruments;
- Acting as a counterpart for local treasury units of segment banks for Repo transactions with customers.

In 2005 Group Treasury activities in the E-MID market rose sharply compared to the previous year. Considering maturities under a year, Treasury brokered total volumes of approximately €228.2 billion compared to €129.3 billion in the previous year.

Group Treasury is also present in the principal euro settlement systems, through which it settled a total volume of about €5,900 billion during 2005 (up by 38% over 2004). It also participated actively in the new global system, Continuous Linked System Settlement (CLSS), for foreign currency transactions, settling transactions for its own account and on behalf of UniCredit Banca Mobiliare (UBM), UniCredito Italiano Ireland and the London branch for the amount of approximately €570 billion (€110 billion in 2004).

With regard to auctions with weekly maturities at the European Central Bank, in 2005 Group Treasury's participation rose by a total of 19% over the previous year (€219 billion compared to €184.2 billion in 2004) with an increase in overall placements of 32%. Although in decline from the previous year (from 38% to 30%), the percentage of auctions won out of the overall participation of Italian banks confirms the UniCredito Group's position as a leading player in the domestic market. On the other hand, if seen

as a percentage of refinancing transactions carried out by the ECB in the entire euro area, the share of auctions won dropped slightly to 1.45% compared to 1.6% in 2004.

Finally, in December Group Treasury, in conjunction with the treasury units of HVB and Bank Austria, initiated an activity to monitor and coordinate the operations they manage.

## Loans to Customers

Loans and receivables with customers amounted to €12,091 million at 31 December 2005, €417 million higher than at the end of the previous year. The increase was partly due to loans to Group companies, which rose from €10,342 million at the end of 2004 (89% of the total) to €10,431 million at 31 December 2005 (86% of the total). These loans constituted almost the entire portfolio of the Group Treasury in Milan.

(€ million)

CUSTOMERS				
	AS AT		CHANGE	
	31.12.2005	31.12.2004	AMOUNT	PERCENT.
Medium-term loans	1,144	1,160	- 16	- 1.4%
Other loans	10,947	10,514	+ 433	+ 4.1%
<b>Total loans to customers</b>	<b>12,091</b>	<b>11,674</b>	<b>+ 417</b>	<b>+ 3.6%</b>
<i>of which:</i>				
- Units operating in Italy	10,655	10,396	+ 259	+ 2.5%
- Units operating abroad	1,436	1,278	+ 158	+ 12.4%

Loans and receivables with units operating abroad increased by €158 million (+12.4%) over the year, fully explained by the larger lending by our New York branch, borne by the holding of syndicated loans sponsored by UBM, which more than offset the reorganisation effects of the London branch.

The loans and receivables portfolio consists entirely of performing loans. Doubtful loans and receivables with customers actually amounted to €1 million, compared with €8 million in the previous year. These loans and receivables with banks included €14 million of unsecured exposure with countries at risk (€17 million at end of 2004).



(€ million)

ASSET QUALITY				
	AS AT		CHANGE	
	31.12.2005	31.12.2004	AMOUNT	PERCENT.
Non-performing loans	1	5	- 4	- 80.0%
Doubtful loans	-	2	- 2	- 100.0%
Restructured loans	-	-	-	-
Loans at high-risk countries	-	1	- 1	- 100.0%
<b>Total bad and doubtful debts (customers)</b>	<b>1</b>	<b>8</b>	<b>- 7</b>	<b>- 87.5%</b>
Performing loans	12,090	11,666	+ 424	+ 3.6%
<b>Total loans to customers</b>	<b>12,091</b>	<b>11,674</b>	<b>+ 417</b>	<b>+ 3.6%</b>
Other bad and doubtful debts:				
Loans to high risk countries - Banks	14	17	- 3	- 17.6%
Others bad and doubtful debts - Banks	-	-	-	-

## Customer Deposits and Securities in Issue

Deposits from customers and securities in issue amounted to €54,989 million, €7,788 million higher than at the end of 2004. Units operating in Italy and abroad contributed almost equally to this total.

(€ million)

DEPOSITS FROM CUSTOMERS AND SECURITIES IN ISSUE				
	AS AT		CHANGE	
	31.12.2005	31.12.2004	AMOUNT	PERCENT.
Due to customers	5,607	7,133	- 1,526	-21.4%
Securities in issue	49,382	40,068	+ 9,314	+23.2%
<b>Total deposits from customers and securities in issue</b>	<b>54,989</b>	<b>47,201</b>	<b>+ 7,788</b>	<b>+16.5%</b>
of which:				
- Units operating in Italy	28,038	18,911	+ 9,127	+48.3%
- Units operating abroad	26,951	28,290	- 1,339	-4.7%

Deposits from customers amounted to €5,607 million, slightly lower than in the previous year, while securities issued amounted to €49,382 million, compared with €40,068 million at the end of 2004.

The reduction in deposits from customers, amounting to around 21%, was essentially due to lower deposits accepted by the foreign branches and the Treasury activities with regard to Group counterparties, only partly offset by the activities of Global Investor Services and International and Correspondent Banking.

The €9,314 million increase in securities issued was entirely due to the bond issues made in 2005 (€9,643 million) designed to optimise the Group's maturity structure. Funding by issuance of Certificates of Deposit was down slightly (by €329 million) as a result of a marked increase in issues by New York branch (up by €1,506 million) and a €1,813 million reduction by London branch.

As at 31 December 2005 deposits with customers consisted almost entirely of current accounts, as at the end of the previous year, while securities issued recorded an increase in the bond component (from 40% at the end of 2004, taking the notes into consideration as well, to 52% at the end of 2005), and a corresponding reduction in the ratio of Certificates of Deposit (from around 60% at the end of 2004 to 48% at the end of 2005).

Euro-denominated deposits (customer deposits and securities) were 49% of the total.

## Securities Portfolio and Interbank Business

Concentration of Treasury activities involved high transaction volumes with Group companies and banks.

Hence the proportion of securities issued by Group companies in "investment securities" and interbank assets and liabilities items that indicate substantial transaction volumes with intergroup counterparties.

### SECURITIES PORTFOLIO

The securities portfolio amounted to €30,332 million, €9,600 million higher than at the end of 2004, resulting from a significant increase in investment securities (up by €8,979 million) and a smaller increase in trading securities (up by €621 million).

(€ million)

SECURITIES PORTFOLIO				
	AS AT		CHANGE	
	31.12.2005	31.12.2004	AMOUNT	PERCENT.
<b>Investment securities</b>	<b>26,549</b>	<b>17,570</b>	<b>+ 8,979</b>	<b>+51.1%</b>
<b>Trading securities</b>	<b>3,783</b>	<b>3,162</b>	<b>+ 621</b>	<b>+19.6%</b>
- debt securities	3,514	2,824	+ 690	+24.4%
- equities	269	338	- 69	-20.4%
<b>Total investment and trading securities</b>	<b>30,332</b>	<b>20,732</b>	<b>+ 9,600</b>	<b>+46.3%</b>
of which:				
- Units operating in Italy	29,844	20,371	+ 9,473	+46.5%
- Units operating abroad	488	361	+ 127	+35.2%

The higher total was mainly attributable to an increase in the intergroup stock of units operating in Italy (up by €9.2 billion).

Investment securities, which amounted to €26,549 million (up by €8,979 million over end-2004), consist of Italian government bonds amounting to €1,601 million (up by €73 million), other bonds amounting to €24,805 million (up by €8,926 million) and capital securities amounting to €143 million (down by €20 million). Other securities include securities of Group companies amounting to €24,056 million (up by €9,203 million) and securities deriving from securitisations amounting to around €155 million (down by €51 million).

Trading securities amounted to €3,783 million at 31 December 2005 (up by €621 million in twelve months) and consist of government bonds amounting to around €876 million (up by €189 million), other bonds amounting to €2,638 million (up by €501 million), including securities deriving from securitizations amounting to €981 million (down by €22 million), and €269 million of equities (down by €69 million).

With regard to the principles adopted to value securities and classify investment and trading securities, reference should be made to the Notes to the Accounts - Part A - Section 1 Accounting Policies and Part B) - Section 2 Securities.

## INTERBANK BUSINESS

Our net interbank position fell by around €3.7 billion over the year, from €19,655 million at the end of 2004 to €15,941 million.

This change was due to faster growth in interbank deposits (up by €9.1 billion) than in loans with banks (up by €5.4 billion) and especially greater use of term or notice deposits (up by €9.4 billion) compared with a small change in demand deposits (down by €300 million).

(€ million)

INTERBANK POSITION				
	AS AT		CHANGE	
	31.12.2005	31.12.2004	AMOUNT	PERCENT.
<b>Loans to banks</b>	<b>68,347</b>	<b>62,964</b>	<b>+ 5,383</b>	<b>+8.5%</b>
<i>Units operating in Italy</i>	67,711	62,548	+ 5,163	+8.3%
<i>Units operating abroad</i>	636	416	+ 220	+52.9%
<b>Due to banks</b>	<b>52,406</b>	<b>43,309</b>	<b>+ 9,097</b>	<b>+21.0%</b>
<i>Units operating in Italy</i>	46,480	39,585	+ 6,895	+17.4%
<i>Units operating abroad</i>	5,926	3,724	+ 2,202	+59.1%
<b>Net interbank position</b>	<b>15,941</b>	<b>19,655</b>	<b>- 3,714</b>	
<i>of which:</i>				
- <i>Units operating in Italy</i>	21,231	22,963	- 1,732	
- <i>Units operating abroad</i>	-5,290	-3,308	- 1,982	

In 2005 the Group's net lending to banks rose by around €6 billion, which was more than offset by a greater net indebtedness to other counterparties of around €9.7 billion. Higher net deposits of €2 billion were made in the market by our foreign branches, mainly in London, under the co-ordination of Group Treasury.

## Equity Investments

Equity investments at 31 December 2005 amounted to €32,626 million, €17,865 higher than at the end of 2004.

(€ million)

EQUITY INVESTMENTS				
	AS AT		CHANGE	
	31.12.2005	31.12.2004	AMOUNT	PERCENT.
Equity investments	3,636	3,107	+ 529	+17.0%
Equity investments in Group companies	28,990	11,654	+ 17,336	+148.8%
<b>Total equity investments</b>	<b>32,626</b>	<b>14,761</b>	<b>+ 17,865</b>	<b>+121.0%</b>

The change was mainly due to the acquisition of a controlling interest in Bayerische Hypo- und Vereinsbank AG ("HVB"); details of this transaction are given in our Consolidated Report, which also describes the many measures taken in order to rationalise the Group's activities and consolidate and strengthen its competitive position. The main changes to the Company's portfolio are illustrated briefly below. Further details can be found in the Notes to the Accounts (Part B – Information on the Balance Sheet – Section 3).

## EQUITY INVESTMENTS IN GROUP COMPANIES

Equity investments in Group companies rose to €17,336 million, attributable to a €14.3 million positive exchange-rate effect and to the following transactions:

- Recognition of HVB shares acquired (93.93% of capital) at a total cost of €14,490.5 million, €14,437.1 million of which was the equivalent in value of the UniCredit shares issued and exchanged on the basis of their market price of €4.095 (as resolved by the Extraordinary General Meeting) plus transaction costs, and of the shares acquired directly in BA-CA (17.45% of capital) at a cost of €2,099.9 million, of which €2,092.8 million relates to shares exchanged under public offers (€2,088.1 million in respect of the share swap offer and €4.7 million in respect of the alternative cash offer) the remainder being capitalised costs.
- Provision of €748.1 million in respect of capital increases by UniCredit Banca (€548.1 million), UniCredit Banca d'Impresa (€185 million), UniCredit Private Banking (€15 million) and UniCredit Real Estate (€0.1 million), effected by assigning the retail, corporate, private and property business branches arising from the absorption of Banca dell'Umbria 1462 and Cassa Risparmio Carpi into UniCredit following the purchase of shares in the two banks from UniCredit Banca, at a total cost of €941.5 million, and shares worth €28.7 million in Banca dell'Umbria from the Fondazione Cassa di Risparmio di Perugia and the subsequent derecognition of their carrying value (€970.2 million) at the time of the absorption.
- Provision of €7 million in respect of a capital increase by UniCredit Leasing Romania S.A., to strengthen its capital structure and enable it to continue its positive growth trend.
- Capital contributions made to Uniriscossioni (a total of €22.6 million, of which €18.6m to cover losses) and to Xelion Doradcy Finansowi Sp.zoo (€6 million).
- Purchase of the remaining shares in UniCredit Banca Mediocredito held by minority shareholders at a total cost of €20.9 million.
- Purchase of shares in Pioneer Global Asset Management (€58.6 million) and Locat (€6.3 million) following the exercise of stock options by employees.
- Purchase of shares in our subsidiary Bulbank A.D. from minority shareholders at a cost of €3.7 million.
- Derecognition of interests in Sviluppo Finanziaria (€77.8 million) and Fida Sim (€1.4 million) following absorption by UniCredit SpA.
- Sale of shares in Società Trasporto Telematico SpA (56.67%) worth €14 million giving a capital gain of €11 million.



- Repayment of the Tyrescom capital contribution (€22.6 million).
- Write-downs of around €38 million of the carrying value of equity investments, net of write-backs, mainly attributable to a €35 million adjustment to Xelion's shareholders' equity.

## OTHER EQUITY INVESTMENTS

Equity investments increased by €529 million over end-2004, essentially due to the effect of the following movements:

- Provision of €500 million fresh capital to Koc Finansal Hizmetler A.S. for the purchase of a controlling stake in Yapi ve Kredi Bankasi.
- Provision of €10.3 million under a capital increase by Immobiliare Lombarda approved by the latter at the same time as the Progestim SpA integration project (Gruppo Fondiaria SAI).
- Write-backs, net of write-downs amounting to €22.1 million, of which €20.7 million relate to Consortium to enter the carrying value of the subsidiary at original cost, below the relevant share of the equity.
- Recognition of interests previously held by Banca dell'Umbria and Cassa Risparmio Carpi for a total of €16.3 million.
- Sale of several equity investments considered not strategic (Autostrada "Serenissima", IKB Deutsche Industriebank AG, Cedacrinord, Lingotto, Capitalia, Nortel Inversora and other minor investments), for total proceeds of €238.7 million, €218.4 of which were capital gains.

## PERFORMANCE OF GROUP SUBSIDIARIES

A brief account of the performance of the main subsidiaries in the Group's various business areas is given in our Consolidated Report on Operations.

## Shareholders' Equity, Subordinated Liabilities and Capital Ratios

### SHAREHOLDERS' EQUITY

As at 31 December 2005 Shareholders' Equity amounted to €29,897 million, compared with €12,405 million at the end of 2004. The increase was mainly attributable to the increases in capital (totalling €16,525 million) resulting from the acquisition of HVB and BA-CA.

(€ million)

SHAREHOLDERS' EQUITY	
<b>Balance as at 31.12.2004</b>	<b>12,405</b>
Increases:	
- capital increase in respect of integration with the HVB - BA-CA Group	16,525
- net profit for the year	2,257
Decreases:	
- dividends distributed	-1,282
- other changes	-8
<b>Balance as at 31.12.2005</b>	<b>29,897</b>

#### SUBORDINATED LIABILITIES

In 2005, in order to maintain an adequate level of capitalisation of the Group in light of subordinated loan repayments of €1,200 million, three issues were made amounting to a total of €1.688 million. Taking into account exchange differences on transactions denominated in currency, subordinated liabilities rose by €515 million over the year to €7,740 million at the end of 2005.

Taking into account the residual life of existing loans, the amount used in the calculation of regulatory capital is 7,733 million (of which 2,109 in Tier 1 Capital) compared with the €7,216 million at the end of 2004.

#### CAPITAL FOR REGULATORY PURPOSES AND CAPITAL RATIOS

Capital for regulatory purposes therefore amounted to 34,539 million, of which 29,083 million is the Tier 1 Capital, compared with €17,605 million at 31 December 2004.

The ratio of capital for regulatory purposes to total risk-weighted assets was 44.99% (31.20% at the end of 2004) - not a very significant figure, since it reflects the Company's particular capital structure.

# Profit and Loss Account

## Operating Profit

The corporate reorganisation of Banca dell'Umbria 1462 and Cassa Risparmio Carpi significantly affected our profit and loss for the year. The reorganisation was completed on 1 July 2005 through absorption of these banks by UniCredit, with effect for accounting purposes from the start of the year; at the same time their businesses were assigned to other Group companies according to their respective business profiles (retail, corporate, private banking and real estate). UniCredit retained their investment and trading securities, equity investments and other Treasury assets and liabilities. The 2005 profit and loss account therefore includes the absorbed banks' income and expense for the first half 2005 excluding currency items, and the economic effects of capital items remaining in UniCredit as from 1 July. Operating profit items were restated for comparison purposes with 2004, by removing the first half 2005 economic effects relating to the assets and liabilities assigned to other Group companies, and adding the items that remained in UniCredit to 2004 profit and loss.

(€ million)

OPERATING PROFIT						
	YEAR 2005		YEAR 2004		CHANGE FROM RESTATED	
	CARRYING AMOUNT	RESTATED	CARRYING AMOUNT	RESTATED	P&L	PERCENT.
Net interest	-37	-106	-171	-164	+ 58	- 35.4%
Dividends from non-Group companies	133	133	212	212	- 79	- 37.3%
<b>NET INTEREST INCOME</b> (excl. Group Company dividends)	<b>96</b>	<b>27</b>	<b>41</b>	<b>48</b>	<b>- 21</b>	<b>- 43.8%</b>
Net commission	151	115	84	84	+ 31	+ 36.9%
Trading profits (losses)	-17	-19	24	24	- 43	- 179.2%
<b>Net non-interest income</b>	<b>134</b>	<b>96</b>	<b>108</b>	<b>108</b>	<b>- 12</b>	<b>- 11.1%</b>
<b>TOTAL REVENUES</b> (excl. Group Company dividends)	<b>230</b>	<b>123</b>	<b>149</b>	<b>156</b>	<b>- 33</b>	<b>- 21.2%</b>
Payroll costs	-302	-269	-224	-226	- 43	+ 19.0%
Other administrative expense	-259	-227	-209	-209	- 18	+ 8.6%
Other operating income	131	118	102	103	+ 15	+ 14.6%
Writedowns of tangible and intangible fixed assets	-19	-17	-18	-18	+ 1	- 5.6%
<b>Operating costs</b>	<b>-449</b>	<b>-395</b>	<b>-349</b>	<b>-350</b>	<b>- 45</b>	<b>+ 12.9%</b>
<b>OPERATING PROFIT</b> (excl. Group Company dividends)	<b>-219</b>	<b>-272</b>	<b>-200</b>	<b>-194</b>	<b>- 78</b>	<b>+ 40.2%</b>
Dividends from Group companies	2,162	2,162	1,733	1,733	+ 429	+ 24.8%
<b>OPERATING PROFIT</b>	<b>1,943</b>	<b>1,890</b>	<b>1,533</b>	<b>1,539</b>	<b>+ 351</b>	<b>+ 22.8%</b>

Note: Figures from 2004 and 2005 were restated to take into account the residual impact of the absorption of Banca dell'Umbria and Cassa Risparmio Carpi by UniCredit S.p.A., with the simultaneous transfer of the related business activities to UniCredit Banca, UniCredit Banca d'Impresa, UniCredit Private Banking and UniCredit Real Estate.

## NET INTEREST INCOME

Restated net interest income, net of Group company dividends, was €27 million, due to the combined effect of the balance of net interest giving a net interest expense of €106 million and non-Group company dividends amounting to €133 million. In 2004 this figure was €48 million comprising a net interest expense of €164 million and dividends of €212 million.

Compared with 2004, there was therefore a decrease of €21 million in Net Interest Income (including non-Group company dividends), mainly owing to the effect of capital allocation optimisation.

With regard to dividends, the share relating to Group companies amounts to €2,162 million, details of which are provided in the Notes to the Accounts.

## NON-INTEREST INCOME

Net fees and commission amounted to €115 million, some €31 million higher than in the previous period, essentially due to increased transactions in the custodian bank and securities custody and settlement businesses. Fee and commission income, essentially originating from the business activities of units operating abroad, was substantially offset by the fee and commission expense paid in respect of Pioneer Dublin's securities portfolio management mandate.

Trading recorded a deficit of €19 million, down €43 million compared with 2004, which recorded a surplus of €24 million. In 2005 this item included losses of €13 million relating to trading securities and derivatives and €6 million relating to currencies.

Non-interest income therefore amounted to €96 million, down by 11.1% on 2004 owing to the lower contribution of trading profits, partly offset by greater net fee and commission income.

## OPERATING COSTS

Taking recoveries of expenses into account, operating costs amounted to a total of €395 million, compared with €350 million in 2004, up some €45 million (12.9%), mainly due to payroll costs.

Payroll costs actually increased by around €43 million (or 19%) from €226 to €269 million. This change was the result of:

- Increases totalling €46.2 million due to:
  - €16 million adjustments to non-segregated pension fund actuarial reserves within the Holding Company. These reserves were calculated using mortality tables and update rates in line with IFRS.
  - €9.6 million to greater provisions connected with incentive schemes and the forecast productivity bonus to be paid in cash;

€12.5 million to the development of Group top management;

€2.7 million to the increase in salary scales laid down by the latest renewal of the bank staff collective contract in Italy;

€5.4 million to managerial measures.

- Reductions of €3.2 million due to rationalisation of the foreign network.

Other restated administrative expenses show an increase of €18 million (or 8.6%) over 2004 mainly due to HVB Group integration costs amounting to around €19 million (principally fees paid to external advisors and advertising, publicity and entertainment items). Excluding this, administrative expenses were broadly in line with 2004.

Net operating profit, including expenses recovered from Group Companies, was €118 million, €15 million higher than in 2004, due to higher service centre cost recoveries and reimbursement of expenses relating to secondment of Holding Company personnel to other Group companies amounting to €19.6 million.

Impairment losses on property, plant and equipment and intangible assets, net of goodwill impairment, remained at the same level as 2004 (€18 million).

## OPERATING PROFIT

The restated operating result net of Group company dividends, was a loss of €272 million, compared with a loss of €194 million in 2004. Including these dividends, operating profit was €1,890 million (€ 1,539 at the end of 2004).

## Net Profit

The items leading from operating profit to net profit have been reclassified in the following table (vis-à-vis Banca d'Italia tables) for greater clarity.

(€ million)

<b>NET PROFIT</b>				
	YEAR		CHANGE	
	2005	2004	P&L	PERCENT.
<b>Operating profit</b>	<b>1,943</b>	<b>1,533</b>	<b>+ 410</b>	<b>+26.7%</b>
Extraordinary income (charges)	247	121	+ 126	+104.1%
<b>TOTAL AVAILABLE</b>	<b>2,190</b>	<b>1,654</b>	<b>+ 536</b>	<b>+32.4%</b>
<b>Provisions, writedowns and write-backs</b>	<b>-43</b>	<b>-154</b>	<b>+ 111</b>	<b>-72.1%</b>
Goodwill amortisation	-15	-	- 15	..
Provisions for risks and charges	-17	-83	+ 66	-79.5%
Net writedowns of loans and provisions for guarantees and commitments	10	-	+ 10	..
Net writedowns of financial investments	-21	-71	+ 50	-70.4%
<b>EARNINGS BEFORE TAXES</b>	<b>2,147</b>	<b>1,500</b>	<b>647</b>	<b>+43.1%</b>
<i>of which: Profit before extraordinary items and income tax</i>	<i>1,900</i>	<i>1,379</i>	<i>+ 521</i>	<i>+37.8%</i>
<b>Income tax for the year</b>	<b>110</b>	<b>133</b>	<b>- 23</b>	<b>-17.3%</b>
Change in fund for general banking risks	-	+ 117	- 117	-100.0%
<b>NET PROFIT FOR THE YEAR</b>	<b>2,257</b>	<b>1,750</b>	<b>+ 507</b>	<b>+29.0%</b>

### EXTRAORDINARY ITEMS

Extraordinary items amounted to €247 million (income of €275 million less expense of €28 million) compared with €121 million in 2004.

The most significant amounts affecting this item include:

- Gains on disposals, net of losses, amounting to €241 million. This amount includes transfers of equity investments worth €235 million (of which €199.2 million relate to the "Serenissima" Autostrada, €11 million to Società Trasporto Telematico, €6.7 million to IKB Deutsche Industriebank, €3 million to Lingotto S.p.A. and €2.6 million to Cedacri), €3 million relate to disposals of property, plant or equipment and intangible assets, and €3 million to investment securities.
- A surplus from previous provisions amounting to €9 million (€5 million from provisions for risks and charges and €4 million from tax provisions), plus a surplus from consolidated tax amounting to 13 million.
- Leaving incentives amounting to €19 million, allocated to provisions for risks and charges connected with the business combination with the HVB Group.

## PROVISIONS FOR RISKS AND CHARGES

The provisions for risks and charges, amounting to a total of €17 million compared with €83 million in 2004, include €5 million for employee disputes and €12 million for amounts set aside to cover forecast costs for disputes and sundry risks.

## AMORTISATION, WRITEDOWNS AND WRITE-BACKS

Writedowns, net of write-backs, amount to €26 million for the year, compared with €71 million in 2004, resulting from the following:

- Goodwill amortisation amounting to €15 million attributable to the one-off amortisation of non-transferable goodwill following the absorption of Banca dell'Umbria and Cassa Risparmio Carpi;
- Write-backs of loans and provisions for guarantees and commitments, net of write-downs, amounting to €10 million (they were practically zero in 2004), €7.2 million of which is attributable to transactions closed in the first half by the absorbed companies;
- Impairment losses on financial assets, net of write-backs, amounting to €21 million, compared with €71 million in 2004, resulting from net impairment losses on investment securities amounting to €5 million and net impairment losses on equity investments amounting to €16 million (impairment losses of €43 million less write-backs of €27 million). The most significant amounts relating to the valuation of equity investments, as described in the relevant section, concern impairment of UniCredit Xelion Banca (€35 million) and the write-back on Consortium (€20 million).

## INCOME TAX

Income tax for the year showed a tax credit of €110 million (€133 million in 2004), due to taxable losses recovered under Italian domestic tax consolidation, partly offset by net negative deferred tax and other taxes.

## NET PROFIT

Extraordinary items, provisions, net amortisation and impairment losses, and tax credit give a net profit of €2,257 million, compared to €1,750 million in 2004.

## Other Information

### Powers Delegated to Directors

Below is a description of the powers delegated by the Board of Directors by a resolution dated 22 June 2005 and by the Executive Committee by a resolution dated 13 May 2002, as amended and supplemented (most recently by a resolution taken on 18 November 2005).

#### By the Board of Directors:

- To the Executive Committee, the right and authority to execute all the transactions that the Bank can perform pursuant to art. 4, paragraph 1 of its Articles of Association, with a number of specifications and restrictions concerning loans, expenses for building, purchasing and restructuring of property and for ordinary expenses and investments necessary for the Bank's management, for the sale of property, the stipulation of property and goods leasing contracts and rental contracts, the appointment and administration of Personnel, the granting of contributions for recreational, sporting and cultural activities, bonuses for organisational suggestions and financial support for Personnel in service and retirees, donations to charitable or public-interest bodies;
- to the Chairman
  - Jointly with the Managing Director/CEO, the right to authorize acquisitions/disposals of direct, minority equity investments that do not change the Group's structure, and transactions involving the capital of such affiliates that do not require the prior authorization of the Regulatory Authorities, in both cases for amounts in excess of the levels of spending singly exercisable by the Managing Director/CEO, and in any case, within pre-established limits;
  - Jointly with the Managing Director/CEO, the right to express the Company's agreement, as Parent Company of the UniCredito Italiano Banking Group, to acquisitions/disposals of equity investments approved by subsidiaries that do not modify the Group's structure and transactions involving the capital of minority affiliates held by subsidiaries that do not require the prior authorizations of the Regulatory Authority, in both cases for amounts in excess of the levels of spending singly exercisable by the Managing Director/CEO and at any rate, within pre-established limits;
- to the Managing Director/CEO, in addition to the authorities indicated above, to be exercised individually or jointly with the Chairman according to the transaction amount, the following powers:
  - to express the Company's agreement, as Parent Company of the UniCredito Italiano Banking Group, in respect of obligations of the representatives of Banks and companies belonging to banking groups pursuant to Art. 136 of Legislative Decree No. 385 of 1/9/1993 and for amounts not in excess of the pre-established limits;
  - To grant individual members of staff single signing powers for transactions of a specified nature;
  - to represent the Bank as the holder of voting rights in ordinary or extraordinary general meeting, including those held abroad, or as the proxy of minority interests or shareholders of those foreign companies.



**By the Executive Committee:**

- to the Chairman, the right to express his approval – in urgent cases – of transactions of amounts in excess of the pre-established limits for the General Management, provided these are under predetermined limits in respect of loans, strategic banking book, contributions and donations, non-performing loans, doubtful loans, restructured loans and loans subject to restructuring, accidents and disputes;
- To the Managing Director/CEO, the authority within pre-established limits and with the right to sub-delegate, in all sectors of the Bank's business, namely: loans; trading; structural and strategic banking book; activities relating to the determination of conditions; sale of property; spending powers; rights regarding contributions and donations; personnel administration rights; non-performing loans, doubtful loans, restructured loans and loans being restructured, accidents and disputes.
- To the Senior Credit Committee and to the Credit Committee lending authority within pre-established limits.

At its meeting of 6 May 2002, the Board of Directors also assigned to the Chairman's Committee (made up of the Chairman of the Board of Directors and the Deputy Chairmen appointed or, if there is no Deputy Chairman in office, made up of designated members of the Board of Directors) the duty of determining, in agreement with the Managing Director/CEO, the development policies and guidelines for strategic and operational plans to be submitted to the Board of Directors.

## Transactions with Related Parties

In order to ensure full compliance with legislative and regulatory provisions currently in effect as regards disclosure of transactions with related parties, UniCredit adopted, some time ago, a procedure for identifying related-party transactions. According to this procedure, the decision-making bodies provide appropriate information, to enable compliance with the obligations of the Directors of UniCredito Italiano, as a listed company and the Parent Company of the banking group of the same name.

In this regard, during 2003 the Board of Directors of the Company defined the criteria for identifying transactions entered into with related parties, consistent with the guidelines provided by Consob in its communication No. 2064231 dated 30 September 2002. The Managing Director/CEO of UniCredito Italiano, using the powers vested in him by the Board of Directors, proceeded to issue the guidelines necessary to comply systematically with the mentioned reporting requirements by units of the Company and by the companies belonging to the UniCredito Italiano Group.

The definition of related party was redefined following Consob's notice No.14990 dated 14 April 2005 in which it brought the definition of related party to be used by issuers in all compulsory disclosures into line with the definition used in consolidated accounts, referring explicitly to IAS 24 and simultaneously rescinding its notice No. 2064231 dated September 2002.

Information on infra-group transactions and/or transactions with related parties in general, Italian and foreign, carried out by UniCredito Italiano, follows.

All intra-group transactions were carried out based on assessments of mutual economic benefit, and the applicable terms and conditions were established in accordance with fair dealing criteria, with a view to the common goal of creating value for the entire Group. These transactions were completed, as a rule, on terms and conditions similar to those applied in transactions with unrelated third parties.

The same principle was applied to the rendering of services, as well as the principle of charging on a minimal basis for these services, solely with a view to recovering the respective production costs.

Specifically, the intra-group financial transactions carried out by UniCredito Italiano constitute normal transactions for a Parent Company of a diversified banking group, and are also related to the concentration in UniCredit's Treasury of membership in interbank payment systems. These transactions include correspondent relationships, deposits and loans for the banking and other companies.

In addition, agreements were entered into between Group companies regarding the distribution of financial products and/or services or assistance, consulting, or more generally, the provision of services complementary to banking activities.

The table below shows the assets, liabilities, guarantees and commitments outstanding as at 31 December 2005, in respect of direct and indirect subsidiaries and those companies subject to significant influence pursuant to Article 19, paragraph 1 of Legislative Decree 87/92.

(€ million)

	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS
Subsidiaries	98,752	39,740	28,554
Companies subject to significant influence	51	139	77

The Notes to the Accounts (Part B, Section 3) provide details on transactions outstanding at the end of 2005 with subsidiaries and those companies subject to significant influence, as well as the expenses incurred and revenues generated from all transactions completed.

However, intra-group transactions carried out in 2005 that are of particular significance from an organisational/corporate standpoint, are presented in the Consolidated Report, and also in the chapter on Equity Investments in this report.

Pursuant to the provisions of applicable regulations, in 2005 no atypical and/or unusual transactions were carried out whose significance/size could give rise to doubts as to the protection of company assets and minority interest, either with related or other parties.

Finally, in transactions entered into with persons that perform management, administrative and control functions for the Bank, Art. 136 of Legislative Decree no. 385 of 1/9/93 applies (Single Banking Act): obligations of any nature, or sales or purchases, directly or indirectly carried out by

the Bank with said persons (whether or not a related party) must be authorised by a unanimous resolution of the Board of Directors and by all the members of the Board of Auditors, subject to obligations provided by the Italian Civil Code in respect of Directors' interests. This procedure also applies to those who perform administrative, management or control functions at a bank or company that is part of the Banking Group, as regards actions carried out with the bank/company or in the case of loan transactions with another Group company or bank. In such cases the transactions are approved by the contracting Bank/Company, in accordance with the procedures described above, subject to the consent of the Parent Company.

Section D of the Notes to the Accounts presents the loans and guarantees provided to Directors and Auditors of UniCredito Italiano. In accordance with Article 78 of Consob Regulation no. 11971 dated 14/5/99, the compensation paid to said Directors and Auditors is also presented.

## Shares Held by Directors, Statutory Auditors and General Managers

In addition, the table below provides a breakdown of the shares in UniCredito Italiano and its subsidiaries held directly or indirectly by Directors and Statutory Auditors of the Company, in accordance with the provisions of Article 79 of the mentioned Consob Regulation.

SHARES HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS							
LAST, FIRST NAME	INTEREST IN	TYPE OF SHARE	NUMBER OF SHARES				
			HELD AT END OF 2004 (1)	ACQUIRED DURING THE YEAR	SOLD DURING THE YEAR	HELD AT END OF 2005 (1)	
DIRECTORS							
Chairman	Salvatori Carlo	UniCredito It.	ord.	125,000	-	-	125,000
Deputy Chairman (First Deputy Chairman)	Bellei Franco	UniCredito It.	ord.	50,000	- (2)	-	50,000
Managing Director/ CEO	Profumo Alessandro	UniCredito It.	ord.	402,358	230,484 (3)	-	632,842
Director	Bertazzoni Roberto	UniCredito It.	ord.	19,089,000	-	-	19,089,000
Director	Calandra Buonauro Vincenzo	UniCredito It.	ord.	24,606	-	-	24,606
Director	di Canossa Guidalberto	UniCredito It.	ord.	5,617	- (4)	-	5,617
Director	Gnudi Piero	UniCredito It.	ord.	52,907	-	-	52,907
	indirectly held (spouse)	UniCredito It.	ord.	267,050	-	-	267,050
	indirectly held (other)	UniCredito It.	ord.	334,000	-	-	334,000
Director	Maramotti Achille	UniCredito It.	ord.	125,972,163	- (5)	-	125,972,163
Director	Negri-Clementi Gianfranco	UniCredito It.	ord.	30,000	-	-	30,000
Director	Vaccarino Giovanni	UniCredito It.	ord.	5,000	-	-	5,000
Director	Wyand Anthony	UniCredito It.	ord.	-	14,000	-	14,000
DIRECTORS - NEW APPOINTMENTS BY ANNUAL GENERAL MEETING HELD ON 2 MAY 2005							
Deputy Chairman (First Deputy Chairman)	Gutty Gianfranco	UniCredito It.	ord.	39,600	9,400 (6)	-	49,000
Director	Garino Giancarlo indirectly held (spouse)	UniCredito It.	ord.	4,708	-	-	4,708
Director	Maramotti Luigi	UniCredito It.	ord.	5,105,000	185,556 (7)	-	5,290,556
STATUTORY AUDITORS							
Statutory Auditor	Loli Giorgio	UniCredito It.	savings	20,000	-	-	20,000
Statutory Auditor	Nicastro Vincenzo	UniCredito It.	ord.	4,000	-	-	4,000

1. Or start/end date of position if not the same as the reference periods indicated

2. Deputy Chairman (First Deputy Chairman from 2 May 2005 to 31 December 2005).

3. Free ordinary shares assigned in 2005 to implement the Share Ownership Plan for UniCredit Group employees.

4. Position held until 2 May 2005.

5. Deceased on 12 January 2005. His son Luigi Maramotti succeeded him as Director and was co-opted by the Board of Directors on 27 January 2005. Includes indirect shareholdings (through subsidiaries) and through not-legally-separated spouse.

6. Deputy Chairman (First Deputy Chairman) since 11 January 2005.

7. The number of shares "acquired during the year" concerns shares inherited from Achille Maramotti.

## Own Shares

In 2005 there were no transactions in respect of own shares.

The Shareholders' Meeting held on 16 December 2005 authorised the sale, without any time limits, of the treasury shares held by the bank at a minimum price that is not lower than the higher of the weighted average purchase price obtained by applying the risk free rate for the purposes of capitalizing the shares purchased until the date of executing the transaction (for capitalization purposes, the 3-month Euribor rate will be used, taken as the average of daily rates in the six months prior to the transaction's commencement) and the market price at the transaction's commencement, less 5%; the sale may be carried out on or off-market, spot and/or forward, including through convertible instruments or using derivatives, according to the market conditions existing when the transaction commences and with the goal of maximizing income and capital in line with the group's standards.

## Information on the use of financial instruments

For information required pursuant to art. 7, paragraph 1 of Legislative Decree 394/2003, please refer to Part E in the Notes to the Consolidated Accounts "Information on risks and related hedging policies".

## Security Plan

As required by Legislative Decree 196/2003 (Rule 26 in Annexe B: Technical Requirements of Minimum Security Measures) the Bank now has a Security Plan as prescribed by Rule 19 of Annexe B, which will be up-dated for the year 2006 by 31 March 2006.

## Subsequent Events and Outlook

### Subsequent Events

#### EQUITY INVESTMENTS

On 31 January 2006 UniCredit's Board of Directors approved the sale of 2S Banca Spa to Société Générale for €548 million. Effective 1 January 2006, 2S Banca Spa became responsible for all the Group's securities service activities, together with the arrangement of a strategic long-term agreement with Société Générale relating to these services.

Following the transfer of 2S Banca, which should be concluded by the end of the year, Société Générale (through 2S Banca itself) will become the securities service supplier to the UniCredit Group in Italy, based on a long-term agreement subject to the approval of our regulators.

The transfer of 2S Banca and the outsourcing of its activities are consistent with the strategic objectives of UniCredit, viz. to manage its business portfolio efficiently, improving customer service and optimising the use of capital, as notified to investors and rating agencies following the announcement of the business combination with the HVB Group. Moreover, with its own highly-integrated pan-European platform and the experience acquired in providing services to external clients, Société Générale will be able to satisfy the requirements of customers of the UniCredit Group, in terms of both commitment and required service levels.

In January 2006, the Holding Company acquired the remaining shares (3.37% of capital) held by the minority shareholders in Zivnostenska Banka A.S., thus becoming owner of 100% of the Czech bank's share capital. The squeeze-out was effected at a price of CZK 5,000 per share. The total amount to be paid by UniCredit for the minority shares in Zivnostenska is equal to around CZK 229 million or approximately €8 million.

In February 2006, as part of the Management Academy project, UniManagement Srl was set up, a new company wholly owned by the Holding Company, in which the design and supply of managerial training and assessment for Group personnel and the activities conducted by the valuation centre will be grouped. The company will initially conduct assessment activities only and will provide its services solely to Group companies.

#### BOARD OF DIRECTORS

The Board of Directors of UniCredit, appointed by the Shareholders' Meeting held on 16 December 2005, met for the first time on 11 January and appointed as its Chairman Dieter Rampl, formerly Managing Director of HVB, and as Deputy Chairmen Gianfranco Guty (First Deputy Chairman), Franco Bellei, Fabrizio Palenzona and Carlo Salvatori, and also confirmed Alessandro Profumo as Managing Director/CEO of the Company.

Dr Salvatori, in view of his experience acquired as Chairman of UniCredit, the previous important positions he has held within the banking system and the role played in HVB and Bank Austria, was asked to assist the Chairman and First Deputy Chairman in relations with regulators and with the Group's foreign shareholders.

The Board of Directors assessed compliance with the Independent Directors requirement, finding that 21 of them were independent and that Alessandro Profumo, Paolo Vagnone and Nikolaus von Bomhard were not.

During the same meeting, the Board of Directors of UniCredit appointed its Executive Committee, composed of Dieter Rampl, Gianfranco Guty, Franco Bellei, Fabrizio Palenzona, Carlo Salvatori, Alessandro Profumo, Roberto Bertazzoni, Francesco Giacomini, Friedrich Kadrnoska, Diether München, Paolo Vagnone and Nikolaus von Bomhard.

The Board also appointed the Appointments Committee and the Remuneration Committee (set up as separate committees replacing the previous Remuneration and Appointments Committee): Dieter Rampl (Committee Chairman), Gianfranco Guty, Franco Bellei, Fabrizio Palenzona, Carlo Salvatori, Alessandro Profumo and Max Dietrich Kley were called to form the first, while the Remuneration Committee was composed of Dieter Rampl (Committee Chairman), Gianfranco Guty, Franco Bellei, Fabrizio Palenzona, Carlo Salvatori, Max Dietrich Kley and Carlo Pesenti.

The Board finally appointed as members of the Audit Committee Anthony Wyand (Chairman), Dieter Rampl, Gianfranco Guty, Franco Bellei and Paolo Vagnone, finally confirming Giovanni Vaccarino as Chairman of the controlling body set up pursuant to Law 231/2001.

## Outlook

In 2006 reorganisation of the Group will have a considerable impact on the Holding Company's productivity. The structural changes likely to have the greatest impact will be those directly consequent on the business combination with the HVB Group and the spin-off of the activities of Global Investor Services into the new company (2S Banca).

These processes will have a negative impact on the Holding Company's results in 2006, net of extraordinary items.

Net interest income will be affected by the dividends received from subsidiaries and associates included as a result of the business combination and by market interest rates, which have risen - and are expected to rise further - in 2006.

Total revenue will fall, however, due to non-receipt of custodian bank and securities administration fees.

Operating costs, and in particular administrative expenses, will tend to rise modestly, owing to a policy of careful cost containment and structural efficiency.

Milan, 22 March 2006

THE BOARD OF DIRECTORS

Chairman  
DIETER RAMPL

Managing Director/CEO  
ALESSANDRO PROFUMO





transparency

прозрачность

trasparenza

libertà

Freiheit

freedom

rispetto

respect

fairness  
adaloq  
esitlik  
posten  
equita

zdravie

reciprocity

reciprocitate

## Proposal to the Shareholders' Meeting

To the Shareholders:

On the basis of the Report on Operations accompanying these Accounts, we ask you to approve the Accounts of UniCredito Italiano Spa as at 31 December 2005 being the Balance Sheet, Profit and Loss Account and Notes to the Accounts, as submitted by the Board of Directors, as a whole and as the individual entries thereof.

Appropriation of net profit:

The Profit and Loss Account for 2005 shows Net Profit for the year of

**€2,256,686,224.51**

which we propose to distribute as follows:

• to the Legal Reserve, pursuant to the Articles of Association, Article 38	€225,668,622.45	
• to the medium-term Group staff incentive plan Reserve as approved by the Board of Directors	€9,000,000.00	
• to the Shareholders:		
▪ 44% of the par value of €5,160,309,667 equal to €0.220* on each of the 10,320,619,334 ordinary shares** to be distributed only to shares outstanding on the dividend payment date, excluding own shares	€2,270,536,253.48	
▪ 47% (i.e., 44% as on the ordinary shares, plus a further 3%) on the par value of €10,853,276 savings shares (equal to €0.235* for each of the 21,706,552 savings shares)	€5,101,039.72	€2,275,637,293.20
• after a drawing from Statutory Reserve in the amount of		(€253,619,691.14)
		<b>€2,256,686,224.51</b>

\* Includes the amount of the dividend on 87,000,000 ordinary shares held by the Bank as at 31.12.2005, to be allocated to the ordinary and savings shares outstanding as at the date of the dividend, other than own shares pursuant to Article 2357 ter of the Italian Civil Code.

\*\* Comprises 10,368,848,154 ordinary shares already issued as at 31.12.2005, 36,222,320 ordinary shares issued in 2006 with dividend entitlement for 2005, and 2,548,860 ordinary shares ('performance shares' to be allocated to the Top Management of Group Companies), issued under the resolution passed by the Board of Directors on 22.03.2006, with dividend entitlement for 2005, net of 87,000,000 ordinary shares held by the Bank as at 31.12.2005.

Milan, 22 March 2006

THE BOARD OF DIRECTORS

Chairman  
DIETER RAMPL

Managing Director/CEO  
ALESSANDRO PROFUMO



transparency  
прозрачность  
trasparenza

fairness  
esitlik  
equitas

znanie

reciprocity  
reciprocitate

Rispekt  
rispetto  
respect

libertà  
szabadság  
Freiheit  
freedom  
libertate

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AND ANNEXES

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# Company Accounts and Annexes

To the Shareholders:

As is customary, the Accounts as at 31 December 2005, which we submit for your approval, were prepared using conservative accounting policies and in accordance with the law, with a constant focus on the need to provide, in terms of both form and content, due clarity and a true and fair view of the Company's financial condition and operating results.

The 2005 Accounts, which were prepared pursuant to the provisions of Legislative Decree No. 87 dated 27 January 1992 (which was enacted to implement EEC Directive 86/635), and in accordance with Banca d'Italia Order dated 15 July 1992 as amended, consist of the Balance Sheet, Profit and Loss Account and Notes to the Accounts, and are accompanied by the report on operations given above.

## COMPANY ACCOUNTS

It should be noted that due to the following extraordinary transactions:

- absorption of Sviluppo Finanziaria S.p.a. and Fida SIM S.p.a., finalised on 1 May 2005 with effect on the Accounts and for tax purposes as from 1 January 2005;
- absorption of Banca dell'Umbria S.p.a. and Cassa Risparmio Carpi S.p.a., legally effective as from 1 July 2005, but with effect on the Accounts and for tax purposes as from 1 January 2005;
- assignment to UniCredit Banca S.p.A., UniCredit Banca d'Impresa S.p.A., UniCredit Private Banking S.p.A. and UniCredit Real Estate S.p.A. of various business divisions of the latter two banks, identified on the basis of their respective operational profiles and in accordance with the Group's business model completed on 1 July 2005;
- closure of the Singapore branch on 23 August 2005, as part of the process of rationalisation and streamlining of our presence overseas.

UniCredito Italiano S.p.A. Accounts as at 31 December 2005 are not comparable with those of the 31 December 2004; therefore, we have exercised the option pursuant to Legislative Decree 87/92 not to compare the results for the fiscal year ended 31 December 2005 with those of 2004.

However, in order to provide more information, the annexes contain the accounts for 31 December 2005 compared with those of 31 December 2004 for UniCredito Italiano in the form in which they were originally prepared.

In accordance with applicable law, the accounts have been prepared in euros.

## F2 TRANSACTION

This transaction affecting the Accounts is one stage in a more complex corporate reorganisation process begun some years ago. In corporate terms it was transacted as follows:

- absorption of Banca dell'Umbria 1462 S.p.A. and Cassa Risparmio Carpi S.p.A. by UniCredit, legally effective as of 1 July 2005 and commencing, for accounting and tax purposes, on 1 January 2005;
- simultaneous assignment (1 July 2005) of assets constituting the business divisions relating to "retail", "private banking", "corporate" and "real estate" to UniCredit Banca S.p.A., UniCredit Private Banking S.p.A., UniCredit Banca d'Impresa S.p.A. and UniCredit Real Estate S.p.A. respectively, with the objective of integrating the activities of the absorbed banks into other Companies of the UniCredit Banking Group on the basis of their respective operational profiles and in accordance with the unified business model;
- maintenance within UniCredit of certain activities, which were not deemed as appropriate to the development of the segment banks.

These transactions were intended to ensure fiscal neutrality and continuity, and the business divisions were transferred by keeping the same values as those at which the individual items were accounted for by the transferor. The associated goodwill was also assigned to each business division; the "real estate" business transfer, however, was subject to revaluation of each individual property, bringing the values into line with estimated market values.

The absorption was completed as the companies approved the relevant merger projects at extraordinary meetings of shareholders in accordance with the proposal of the directors. The transaction was then put into effect by means of a public deed of merger.

In accounting terms, the absorption of the two banks involved cancelling the carrying value of the equity investments and the recognition of the corresponding assets received as a result of the merger, resulting in a negative overall differential (derecognition deficit).

The transaction also provided for the allocation of new UniCredito Italiano shares to various shareholders in exchange for the shares held in the absorbed companies and derecognised as a result of the merger. On the basis of the established share swap ratios the accounting registration of the capital increase with regard to the new shares issued gave rise to share swap surpluses, as shareholders' equity of each absorbed company exceeded UniCredit's corresponding capital increase.

The effects of the merger, carried out in compliance with instructions issued by Consob on 29 March 1996, were therefore as follows:

- recognition of deficit associated with the derecognition of the carrying value at which the equity investments were registered; this deficit was, moreover, subsequently transferred to the various Group companies in the form of goodwill or revaluation of real estate, and a residual portion was also recognised by UniCredit through profit or loss;
- showing (separate in accounting terms) the share swap surplus determined in connection with the higher accounting values of the absorbed companies, with respect to the corresponding capital increases referable to the minority holdings not held by UniCredit in the absorbed companies.

The annex *Share Exchange Surplus and Derecognition Deficit - Breakdown* summarises the asset movements which led to the determination of the effects of the merger as cited above.

## OTHER TRANSACTIONS

The absorption of Sviluppo Finanziaria S.p.A. and FIDA Finanziaria d’Affari S.I.M. S.p.A was concluded during the year with the derecognition of the value of the equity investments relating to the corresponding shareholders’ equity of the absorbing company, without the determination of any share swap and without the issue or allocation of any new shares by the absorbing company, since the companies were wholly and directly owned by UniCredit.

## NOTES TO THE ACCOUNTS

The Notes to the Accounts include information deemed necessary to provide a true and fair view of the company’s situation, in addition to presenting all the information required by law, by Banca d’Italia, and by CONSOB (the Italian Securities and Exchange Commission).

Where not otherwise specified, figures are shown in thousands of euros and the information provided is structured as follows:

Part A) Accounting Policies

Part B) Notes to the Balance Sheet

Part C) Notes to the Profit and Loss Account

Part D) Other Information

## ANNEXES

The following documents are included in the annexes:

- Comparative Tables of the Accounts as at 31 December 2005 and as at 31 December 2004
- Internal Pension Funds: Statement of Changes in the Year and Final Accounts
- Share Exchange Surplus and Derecognition Deficit (Breakdown) - F2 Transaction
- Information on Reserves and Funds
- List of Properties (Article 10, Law 72/83)

## THE TRANSITION TO IFRS

The combined provisions of Legislative Decree 38/05 and EC Regulation 1606/02 require that:

- the consolidated Accounts of listed companies be prepared in accordance with IFRS as of the year ended or in progress at 31 December 2005;
- the Holding Company (UniCredito Italiano S.p.A.) Accounts be:
  - prepared in accordance with IFRS in 2005, if so desired; or
  - prepared in accordance with IFRS as of 2006, compulsorily.

In light of these rules, by a resolution passed on 30 November 2005, the Parent Company decided not to exercise the 2005 option, and therefore to prepare its Accounts at 31 December 2005 in accordance with Italian GAAP (Legislative Decree 87/92).

The reasons for this decision may be summarised as follows:

- the values entered in the Accounts and, in particular, the values which contribute to determination of the result for the year in the profit and loss account, represent the principal basis for the determination of taxable income and thus tax due. However, tax regulations have only begun (and not yet terminated) analysis of the implications of IFRS in determining taxable income; any switch to IFRS in preparing the Accounts for the year would have made it necessary to handle three different sets of figures, i.e. under IFRS, under Italian GAAP as the basis for tax adjustments, and taxable amounts;
- pursuant to Legislative Decree 38/05, Banca d'Italia has the authority to draw up tables for IFRS Accounts (balance sheet, profit and loss account, and explanatory notes); these were issued by Circular #262 dated 22 December 2005. Adopting the new accounting principles for the preparation of the consolidated financial statements only will make it possible to complete the process of transition to IFRS, while simultaneously ensuring that accounting data are recognised in the Accounts on the basis of the normal, proven procedures used for their determination.





fairness  
**esitlik**  
equità

transparency  
**прозрачность**  
trasparenza

libertà  
**Freiheit**  
szabadság  
freedom

fiducia  
**zaufanie**  
trust

uzajamnosť  
**reciprocity**  
reciprocità

Respekt  
**rispetto**  
respect

COMPANY ACCOUNTS

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# Balance Sheet as at 31 December 2005

(amounts in €)

Assets		
<b>10. Cash and deposits with central banks and post offices</b>		<b>€46,226,983</b>
<b>20. Treasury notes and similar securities eligible for refinancing at central banks</b>		<b>373,800,975</b>
<b>30. Loans to banks:</b>		<b>68,346,405,167</b>
a) on demand	17,277,879,572	
b) other	51,068,525,595	
<b>40. Loans to customers:</b>		<b>12,091,389,859</b>
of which:		
- loans with deposits received in administration	-	
<b>50. Bonds and other debt securities:</b>		<b>29,545,947,479</b>
a) of government issuers	2,244,842,561	
b) of banks	25,664,958,311	
of which:		
- own securities	-	
c) of financial institutions	1,433,087,632	
of which:		
- own securities	-	
d) of other issuers	203,058,975	
<b>60. Shares, interests and other variable yield securities</b>		<b>412,483,548</b>
<b>70. Equity investments</b>		<b>3,635,846,364</b>
<b>80. Equity investments in Group companies</b>		<b>28,990,433,396</b>
<b>90. Intangible fixed assets</b>		<b>11,869,045</b>
of which:		
- start-up costs	-	
- goodwill	-	
<b>100. Tangible fixed assets</b>		<b>14,760,447</b>
<b>120. Own shares or interests</b> (face value 43,500,000)		<b>358,415,712</b>
<b>130. Other assets</b>		<b>6,146,527,949</b>
<b>140. Accrued income and pre-paid expenses</b>		<b>1,243,247,184</b>
a) accrued income	868,648,441	
b) pre-paid expenses	374,598,743	
of which:		
- issue discount on securities	31,950,376	
<b>Total assets</b>		<b>€151,217,354,108</b>

<b>Liabilities and Shareholders' Equity</b>	
<b>10. Due to banks:</b>	<b>€52,405,727,531</b>
a) on demand	13,317,610,372
b) on term or with notice	39,088,117,159
<b>20. Due to customers:</b>	<b>5,607,153,146</b>
a) on demand	2,331,254,167
b) on term or with notice	3,275,898,979
<b>30. Securities in issue:</b>	<b>49,382,268,662</b>
a) bonds	23,562,262,919
b) certificates of deposit	23,604,046,562
c) other securities	2,215,959,181
<b>50. Other liabilities</b>	<b>3,622,893,401</b>
<b>60. Accrued liabilities and deferred income:</b>	<b>1,454,077,712</b>
a) accrued liabilities	981,716,281
b) deferred income	472,361,431
<b>70. Reserve for employee severance pay</b>	<b>45,481,872</b>
<b>80. Reserves for risks and charges:</b>	<b>1,063,587,284</b>
a) reserve for pensions and similar obligations	482,597,548
b) taxation reserve	90,402,290
c) other reserves	490,587,446
<b>110. Subordinated debt</b>	<b>7,739,731,429</b>
<b>120. Capital</b>	<b>5,195,277,353</b>
<b>130. Share premium reserve</b>	<b>16,816,170,363</b>
<b>140. Reserve:</b>	<b>5,351,279,101</b>
a) legal reserve	633,805,076
b) reserve for own shares or interests	358,415,712
c) statutory reserve	2,048,904,924
d) other reserves	2,310,153,389
<b>150. Revaluation reserves</b>	<b>277,020,029</b>
<b>170. Net profit for the year</b>	<b>2,256,686,225</b>
<b>Total liabilities and shareholders' equity</b>	<b>€151,217,354,108</b>

<b>Guarantees and commitments</b>	
<b>10. Guarantees given</b>	<b>€26,521,031,599</b>
<i>of which:</i>	
- acceptances	1,622,339
- other guarantees	26,519,409,260
<b>20. Commitments</b>	<b>€8,685,525,796</b>
<i>of which:</i>	
- for sales with repurchase obligations	-

Managing Director/CEO  
ALESSANDRO PROFUMO

Chief Accountant  
FRANCO LECCACORVI



# Profit and Loss Account 2005

(amounts in €)

<b>10. Interest income and similar revenues</b>	<b>€3,152,406,106</b>
<i>of which:</i>	
- on loans to customers	400,533,727
- on debt securities	1,170,339,737
<b>20. Interest expense and similar charges</b>	<b>3,188,545,357</b>
<i>of which:</i>	
- on amounts due to customers	188,092,315
- on securities in issue	1,489,697,938
<b>30. Dividends and other revenues:</b>	<b>2,294,731,092</b>
a) on shares, interests and other variable yield securities	48,262,723
b) on equity investments	84,722,066
c) on equity investments in Group companies	2,161,746,303
<b>40. Commission income</b>	<b>188,848,710</b>
<b>50. Commission expense</b>	<b>37,864,454</b>
<b>60. Trading profits (losses)</b>	<b>(17,243,848)</b>
<b>65. Gains on investment of retirement reserve and similar obligations</b>	<b>1,094,424</b>
<b>70. Other operating income</b>	<b>148,625,641</b>
<b>80. Administrative expenses:</b>	<b>561,265,512</b>
a) payroll costs	301,768,890
<i>of which:</i>	
- wages and salaries	192,052,035
- social security contributions	48,121,912
- severance pay	11,683,516
- pensions and similar benefits	41,899,296
b) other administrative expenses	259,496,622
<b>85. Transfer to provisions of gains on investment of retirement reserve and similar obligations</b>	<b>1,094,424</b>
<b>90. Writedowns of intangible and tangible fixed assets</b>	<b>33,964,690</b>
<b>100. Provisions for risks and charges</b>	<b>16,956,720</b>
<b>110. Other operating expenses</b>	<b>17,716,052</b>
<b>120. Writedowns of loans and provisions for guarantees and commitments</b>	<b>2,040,971</b>
<b>130. Write-backs of loans and provisions for guarantees and commitments</b>	<b>12,276,402</b>
<b>150. Writedowns of financial investments</b>	<b>48,764,703</b>
<b>160. Write-backs of financial investments</b>	<b>27,482,218</b>
<b>170. Profit (Loss) before extraordinary items and income tax</b>	<b>1,900,007,862</b>
<b>180. Extraordinary income</b>	<b>274,561,435</b>
<b>190. Extraordinary charge</b>	<b>27,880,037</b>
<b>200. Extraordinary income (charges) - net</b>	<b>246,681,398</b>
<b>220. Income tax for the year</b>	<b>-109,996,965</b>
<b>230. Net profit for the year</b>	<b>€2,256,686,225</b>

Managing Director/CEO  
ALESSANDRO PROFUMO

Chief Accountant  
FRANCO LECCACORVI



fairness

**esitlik**

equità

transparency

**прозрачность**

trasparenza

libertà

**Freiheit**

freedom

fiducia

**zaufanie**

trust

uzajamnost

**reciprocity**

reciprocità

**rispetto**

respect

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# Part A) Accounting Policies

## Section 1 - Description of Accounting Policies

The Company's accounting policies are in line with those used for the preparation of the Company Accounts as at 31 December 2004.

In accordance with legislative provisions, assets and liabilities reported in the Accounts and "off-balance sheet" items are valued separately; however, interrelated assets and liabilities are valued in a consistent manner.

A connection is made between related hedging transactions.

### 1. LOANS - GUARANTEES AND COMMITMENTS

#### LOANS AND ADVANCES

Loans are valued at their estimated realisable value, which is also determined by taking into account market prices when available, on the basis of:

- a) the debtors' solvency;
- b) difficulty of servicing debt in countries where the debtor resides.

The estimated realisable value of customer loans is determined on the basis of a careful assessment of all elements characterising the history of the relationships, also taking into account available information on the debtor's capital, operating performance and financial condition.

Consideration is also given to the nature of the business, the degree of risk of the specific type of credit facility, and any security received.

The following should be noted regarding the various categories of "bad and doubtful debts":

- **non-performing loans** are those loans that have formally deteriorated, and consist of exposure to customers in a state of insolvency, even if not determined by a court, or in similar situations: valuation is performed on a specific basis;
- **doubtful loans** are defined as loans to borrowers in temporary difficulties, which are expected to be resolved within a reasonable period of time. They are usually assessed at a single amount on a historical and statistical basis, and specifically when circumstances make this advisable;
- **loans to countries at risk** - i.e., to central governments, banks or customers in countries with debt servicing difficulties - are valued using the percentages used by the Italian banking industry. Such loans are subject to general writedowns using percentages consistent with the industry, and are periodically reviewed with regard to the countries to be included in this category and the level of writedowns to be applied; when circumstances make it advisable, general writedowns are supplemented by specific writedowns;

- **consolidated or restructured exposure** represent exposure to counterparties with which agreements have been concluded, which call for the granting of a moratorium on debt repayment and the simultaneous renegotiation of terms and conditions at below-market terms and interest rates, the conversion of a portion of the loans into shares and/or potential principal write-offs. They are valued on a specific basis, with the inclusion in writedowns of the present value of the charge resulting from any renegotiated rates and terms, which are lower than the related cost of funds.

- **past-due or excess loans which have been so for more than 180 days:** this is the entire exposure towards counterparties other than those in the above categories that have credits which are either past-due or excess loans, in this condition for more than 180 days.

Total exposure is measured where, at the reference date,

- either the past-due and/or excess portion,

or

- the average between the past-due and/or excess portion, measured daily in the latest quarter, equals the exposure or exceeds it by 5%,

They are assessed for a single amount on a historical and statistical basis.

Bad and doubtful debts are either identified by individual portfolio managers responsible for the relationships, who operate within the powers delegated to them, using, as necessary, specialised scoring systems which analyse the performance of the loans in question, or are automatically identified by the system as for past-due/excess loans.

A centralised unit is responsible for monitoring and overseeing the entire customer portfolio.

In respect of performing loans to customers, a general writedown is made on exposures on the basis of their inherent risk.

#### GUARANTEES AND COMMITMENTS

Guarantees issued and commitments assumed which incorporate credit risk are reported at the total amount of the commitment assumed and are valued using the same criteria as for loans.

Estimated losses from the valuation of guarantees and commitments are covered by appropriate provisions.

If the reasons giving rise to the writedowns relating to loans, guarantees and commitments are no longer applicable, in whole or in part, the necessary write-backs are made.

## 2. SECURITIES AND OFF-BALANCE SHEET TRANSACTIONS (OTHER THAN THOSE INVOLVING FOREIGN CURRENCIES)

### 2.1 INVESTMENT SECURITIES

Securities classified as investments are valued at purchase cost, adjusted, as applicable, for any

writedowns necessary to account for the permanent deterioration of the solvency of the issuer and of the debt repayment ability of the issuer's country of residence, unless there is appropriate security.

Writedowns made are derecognised in whole or in part when the reasons which gave rise to them no longer apply.

Cost is determined using the weighted-average rolling cost principle on a daily basis. This is adjusted using the so-called trading spread, that is the applicable portion of the difference between the acquisition cost and the higher or lower repayment value at maturity (including the issuance spread), which is increased or decreased by the interest generated by the securities.

## **2.2 TRADING SECURITIES**

Securities not classified as investments are valued:

- a) at market value, if listed on regulated markets;
- b) at the lower of cost or market value, if not listed on regulated markets.

Cost is determined using the weighted-average rolling cost principle on a daily basis adjusted for the applicable portion, during the period, of the premium or discount on the securities (net of withholding tax accrued until the application of Legislative Decree 239/96).

Market value is determined as follows:

- a) for securities listed on regulated Italian and foreign markets, using the price reported on the last significant working day of the period;
- b) for securities not listed on regulated Italian and foreign markets, using the estimated realisable value.

Reference is made to the following measures to determine the latter value:

- market performance for similar securities listed on regulated Italian and foreign markets;
- the discounting of future cash flows on the basis of projected market returns;
- the solvency of the issuers;
- any debt servicing difficulty in the issuer's country of residence;
- other information that can be determined objectively.

## **2.3 OFF-BALANCE SHEET TRANSACTIONS**

Off-balance sheet transactions - except those in foreign currencies, which are classified as investments - are valued at contract value for spot or forward securities trading contracts that have not been settled, or for derivative contracts with an underlying security.

Off-balance sheet transactions, except those for foreign currencies, which are classified as investments, are primarily valued using the following criteria:

- a) outstanding spot and forward securities contracts
  - if involving securities that are listed on regulated markets, at the market value, meaning the price determined at the end of the period for maturities corresponding to those transactions being valued;

- if involving securities that are not listed on regulated markets, at the lower of contract value and market value for purchases, and at the higher of the above for sales. Market value is determined by reference to the principles given above for unlisted "trading" securities, and to the preceding paragraph;
- b) derivative contracts with underlying securities, or which are linked to interest rates, market indices or other assets:
  - if held as a part of a trading portfolio, they are valued on the basis of market values defined as follows:
    - for contracts listed on regulated markets, their respective prices;
    - for other contracts, the values obtained by referring to parameters listed or available on electronic communication systems generally used at international level, and in any event determined objectively;
  - if held for hedging purposes, they are treated in the same way as the hedged assets or liabilities.

Thus:

- if they are related to assets or liabilities which bear interest and are valued at cost/face value (e.g., deposits or investment securities), the derivative contracts are also valued at cost, and the differentials/margins that are settled/accrued during the period flow to interest-comparable income (expense) based on a time distribution in keeping with that for recording interest generated by the hedged assets or liabilities, in the case of specific hedges, or based on the contract term, in the case of general hedging (in the latter case, for futures or options on securities or interest rates, reference is made to the maturity of the underlying security, even if this is notional, and for forward rate agreements to the length of time in relation to which the interest differential is calculated);
- if the assets/liabilities bear interest, but are reported at market value (e.g. portfolios of trading securities):
  - the differentials settled or accrued flow to interest, with the exception of those related to single-flow contracts with underlying assets having a life of over one year (e.g. futures and options), which are instead allocated to trading profits or losses;
  - derivative contracts are also subject to valuation, but only to the extent of the portion of differentials accruing, and the results flow to trading profits or losses;
- if the hedged assets or liabilities do not bear interest and are reported at market value (e.g., equities), the derivative contracts used for hedging (options, futures) are also reported at market and the results of the valuation flow to trading profits (losses).

For greater clarification on operations for issuing covered warrants (traded by U.B.M. SpA), it should be noted that:

- Covered Warrants issued (options sold) listed on regulated Italian or foreign markets are valued at the price reported on the last significant working day of the period;

- Covered Warrants purchased for hedging purposes by U.B.M. are valued, for consistency, at the same price as the Covered Warrants issued.

### 3. EQUITY INVESTMENTS

Equity investments, which constitute investments since they are held in the company's assets as long-term investments, are valued at purchase cost including ancillary costs (for the purchase of significant stakes). This amount is adjusted by any writedowns needed to incorporate any permanent loss of value or any writedowns prudently applied to take into account, among other things, any capital reductions of the companies and market performance (and any reductions in prices for equity investments in the form of listed stocks).

The writedowns carried out are derecognised in whole or in part when the reasons which gave rise to them no longer apply.

### 4. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (INCLUDING OFF-BALANCE SHEET TRANSACTIONS)

Assets and liabilities denominated in foreign currencies are valued at the spot exchange rate prevailing at the end of the period.

Investments not subject to general or specific hedging on the spot or forward markets are valued at the exchange rate in effect on their purchase date.

This does not apply to equity investments which, at the time of acquisition, were hedged in the spot or forward markets for which – during 2003 – it was decided not to renew hedges which are valued at the average purchase exchange rate of the currency concerned.

Off-balance sheet foreign currency transactions are valued as follows:

- spot transactions awaiting settlement: at the spot exchange rate in effect at the end of the period;
- forward transactions (outright or resulting from repurchase agreements):
  - if entered into for trading reasons, at the forward exchange rate in effect for corresponding maturities;
  - if entered into for hedging purposes, at the spot exchange rate in effect at the end of the period.

In line with the method used to determine forward prices, it was deemed appropriate to treat the latter as equivalent financial transactions, i.e., deposits in the respective foreign currencies and spot foreign exchange transactions. The operational department charged with managing the risk and structured accordingly manages the two components of risk separately, viz.:

- risk related to the base, by systematically allocating it to the spot foreign exchange position;
- risk related to interest differentials: by reporting it in an appropriate position that treats margins in the same way as interest on deposits, in terms of attribution.

Other off-balance sheet transactions in the form of derivative contracts are reported at market value if held in portfolios made up of trading securities, or, in line with the hedged assets or liabilities if held for hedging purposes, in accordance with the method described above in point 2.3 b.

## 5. TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at purchase cost including ancillary costs, plus any further incremental expenses, with the exception of revaluations made by law.

The cost of tangible fixed assets, the use of which is limited over time, is depreciated on a straight-line basis in accordance with their remaining useful life.

Tangible fixed assets which, on the date the period ends, have undergone a permanent decline below the cost or value described above, are reported at such lower value.

## 6. INTANGIBLE FIXED ASSETS

Goodwill is amortised over five years.

The cost of patents, intellectual property rights and licenses, trademarks and similar rights and assets, are amortised on a straight-line basis over their remaining useful life.

Start-up and expansion costs, research and development costs and other capitalised costs are amortised over a period not exceeding five years.

The value of intangible fixed assets is reduced in the event of permanent loss of value.

## 7. OTHER ASPECTS

**Amounts due to banks** and **customers** and **third-party funds received in administration** are reported at face value.

**Securities in issue consisting of bonds**, certificates of deposit and bank drafts are also reported at face value, while zero coupon or one-coupon bonds are posted at issuance value increased by the annual capitalisation.

### 7.1 DEFERRED TAXATION

This item includes deferred tax assets and liabilities originating from the criteria used to determine net profit for the period, which differ from those dictated by tax regulations for the determination of taxable income, in terms of any timing differences.

Assets for deferred tax charges are reported if there is a reasonable certainty of their recovery, which would occur in relation to the capacity to generate future taxable income.

Liabilities for deferred tax are reported unless it is unlikely that they will be incurred.

The methods applied are reported in detail in Part B) Notes to the Balance Sheet – Section 7 – Reserves.

## Section 2 - Tax Adjustments and Provisions

None.



## Part B) Notes to the Balance Sheet

(amounts in € thousands)

### Section 1 - Loans and Advances

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	AS AT 31.12.2005
10. Cash and deposits with central banks and post offices	46,227
30. Loans to banks	68,346,405
40. Loans to customers	12,091,390
<b>Total</b>	<b>80,484,022</b>

€ '000

Detail of item 10 "cash and balances with central banks and post offices"	
	AS AT 31.12.2005
Notes and coins	45,781
Deposits with Bank of Italy and central banks	446
<b>Total</b>	<b>46,227</b>

€ '000

1.1 DETAIL OF ITEM 30 "LOANS TO BANKS"	
	AS AT 31.12.2005
a) loans to central banks	1,012,762
b) securities eligible for refinancing at central banks	-
c) repo transactions	7,867,485
- ordinary transactions	7,729,300
- for securities borrowed	138,185
d) stock lending	20,944

€ '000

**1.2 LOANS TO BANKS - BAD AND DOUBTFUL DEBTS**

	AS AT 31.12.2005		
	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE
<b>A. Doubtful loans</b>	<b>15,176</b>	<b>604</b>	<b>14,572</b>
A.1 Non-performing loans	110	66	44
A.2 Doubtful loans	528	109	419
A.3 Restructured loans	-	-	-
A.4 Past-due loans	-	-	-
A.5 Unsecured loans to countries at risk *	14,538	429	14,109
<b>B. Performing loans</b>	<b>68,331,833</b>	<b>-</b>	<b>68,331,833</b>
<b>Total</b>	<b>68,347,009</b>	<b>604</b>	<b>68,346,405</b>
* of which loans subject to writedowns:	2,197		

€ '000

**1.3 CHANGES IN BAD AND DOUBTFUL DEBTS - BANKS**

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	UNSECURED LOANS TO COUNTRIES AT RISK
<b>A. Initial gross exposure</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,519</b>
A.1 of which: for overdue interest	-	-	-	-	-
<b>B. Increases</b>	<b>31</b>	<b>1,093</b>	<b>-</b>	<b>-</b>	<b>3,072</b>
B.1 transfers from performing loans	-	546	-	-	-
B.2 overdue interest	-	-	-	-	-
B.3 transfers from other categories of bad and doubtful debts	-	547	-	-	-
B.4 other increases *	31	-	-	-	3,072
<b>C. Decreases</b>	<b>26</b>	<b>565</b>	<b>-</b>	<b>-</b>	<b>7,053</b>
C.1 transfers to performing loans	-	-	-	-	-
C.2 write-offs	-	21	-	-	-
C.3 recoveries	-	544	-	-	1,577
C.4 sales proceeds	-	-	-	-	-
C.5 transfers to other categories of bad and doubtful debts	-	-	-	-	547
C.6 other decreases **	26	-	-	-	4,929
<b>D. Final gross exposure</b>	<b>110</b>	<b>528</b>	<b>-</b>	<b>-</b>	<b>14,538</b>
D.1 of which: for overdue interest	-	-	-	-	-
* of which: opening balances from merger transactions	26	-	-	-	-
** of which: transfers to Group companies	26	-	-	-	-

€ '000

**1.4 CHANGES IN BAD AND DOUBTFUL DEBT ADJUSTMENTS - BANKS**

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	LOANS TO COUNTRIES AT RISK	UNSECURED PERFORMING LOANS
<b>A. Initial total writedowns</b>	<b>63</b>	-	-	-	<b>1,504</b>	-
<i>A.1 of which for overdue interest</i>	-	-	-	-	-	-
<b>B. Increases</b>	<b>3</b>	<b>219</b>	-	-	<b>304</b>	<b>163</b>
B.1 writedowns	-	107	-	-	95	163
<i>B.1.1 of which for overdue interest</i>	-	-	-	-	-	-
B.2 use of loan loss reserves	-	-	-	-	-	-
B.3 transfers from other loan categories	-	109	-	-	-	-
B.4 other increases *	3	3	-	-	209	-
<b>C. Decreases</b>	-	<b>110</b>	-	-	<b>1,379</b>	<b>163</b>
C.1 write-backs from assessments	-	-	-	-	471	-
<i>C.1.1 of which: for overdue interest</i>	-	-	-	-	-	-
C.2 write-backs from recoveries	-	89	-	-	799	-
<i>C.2.1 of which: for overdue interest</i>	-	-	-	-	-	-
C.3 write-offs	-	21	-	-	-	163
C.4 transfers to other loan categories	-	-	-	-	109	-
C.5 other decreases **	-	-	-	-	-	-
<b>D. Final total writedowns</b>	<b>66</b>	<b>109</b>	-	-	<b>429</b>	-
<i>D.1 of which: for overdue interest</i>	-	-	-	-	-	-
* of which: opening balances from merger transactions	-	-	-	-	-	-
** of which: transfers to Group companies	-	-	-	-	-	-

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**Item 30 "loans to banks"**

	AS AT 31.12.2005
<b>a) on demand:</b>	
Deposits	11,300,798
Loans	44,155
Current accounts for services rendered	5,931,753
Other forms of debt	1,174
	<b>17,277,880</b>
<b>b) other:</b>	
Loans to central banks	1,012,762
Deposits	32,328,042
Loans	197,711
Non-performing loans	44
Repo transactions	7,867,485
Stock lending	20,944
Bills and notes discounted	99,337
Subordinated assets	34,483
Other forms of debt	9,507,717
	<b>51,068,525</b>
<b>Total</b>	<b>68,346,405</b>

€ '000

1.5 DETAIL OF ITEM 40 "LOANS TO CUSTOMERS"	
	AS AT 31.12.2005
a) securities eligible for refinancing at central banks	-
b) repo transactions	-
- ordinary transactions	-
- for securities borrowed	-
c) stock lending	-

€ '000

1.6 SECURED LOANS TO CUSTOMERS	
NATURE OF SECURITY	AS AT 31.12.2005
a) mortgage	-
b) charge over:	
1. cash deposits	3,865
2. securities	437,513
3. other assets	-
	<b>441,378</b>
c) guarantee provided by:	
1. Governments	
2. other public entities	-
3. banks	-
4. other borrowers	-
	-
<b>Total</b>	<b>441,378</b>

€ '000

1.7 DETAILS OF LOANS TO CUSTOMERS			
	AS AT 31.12.2005		
	GROSS EXPOSURE	TOTAL WRITEDOWNS	NET EXPOSURE
<b>A. Doubtful loans</b>	<b>47,825</b>	<b>46,446</b>	<b>1,379</b>
A.1 Non-performing loans	47,562	46,295	1,267
A.2 Doubtful loans	-	-	-
A.3 Restructured loans	263	151	112
A.4 Past-due loans	-	-	-
A.5 Unsecured loans to countries at risk	-	-	-
<b>B. Performing loans</b>	<b>12,108,370</b>	<b>18,359</b>	<b>12,090,011</b>
<b>Total</b>	<b>12,156,195</b>	<b>64,805</b>	<b>12,091,390</b>

**1.8 CHANGES IN BAD AND DOUBTFUL DEBTS - CUSTOMERS**

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	UNSECURED LOANS TO COUNTRIES AT RISK
<b>A. Initial gross exposure</b>	<b>55,360</b>	<b>3,769</b>	<b>238</b>	<b>-</b>	<b>1,400</b>
<i>A.1 of which: for overdue interest</i>	-	-	-	-	-
<b>B. Increases</b>	<b>210,427</b>	<b>130,884</b>	<b>6,846</b>	<b>-</b>	<b>657</b>
B.1 transfers from performing loans	9,156	31,629	-	-	-
B.2 overdue interest	1,451	-	35	-	-
B.3 transfers from other categories of bad and doubtful debts	4,234	252	1,755	-	-
B.4 other increases *	195,586	99,003	5,056	-	657
<b>C. Decreases</b>	<b>218,225</b>	<b>134,653</b>	<b>6,821</b>	<b>-</b>	<b>2,057</b>
C.1 transfers to performing loans	-	8,009	-	-	445
C.2 write-offs	17,133	708	-	-	277
C.3 recoveries	16,042	32,632	12	-	-
C.4 sales proceeds	239	-	-	-	-
C.5 transfers to other categories of bad and doubtful debts	-	5,989	252	-	-
C.6 other decreases **	184,811	87,315	6,557	-	1,335
<b>D. Final gross exposure</b>	<b>47,562</b>	<b>-</b>	<b>263</b>	<b>-</b>	<b>-</b>
<i>D.1 of which: for overdue interest</i>	-	-	-	-	-
* of which: opening balances from merger transactions	185,041	89,933	3,761	-	3
** of which: transfers to Group companies	184,006	87,315	3,915	-	3

**1.9 CHANGES IN TOTAL WRITEDOWNS OF LOANS TO CUSTOMERS**

	NON-PERFORMING LOANS	DOUBTFUL LOANS	RESTRUCTURED LOANS	PAST-DUE LOANS	LOANS TO COUNTRIES AT RISK	UNSECURED PERFORMING LOANS
<b>A. Initial total writedowns</b>	<b>50,420</b>	<b>1,309</b>	<b>131</b>	<b>-</b>	<b>346</b>	<b>21,664</b>
<i>A.1 of which for overdue interest</i>	-	-	-	-	-	-
<b>B. Increases</b>	<b>80,500</b>	<b>11,907</b>	<b>1,754</b>	<b>-</b>	<b>239</b>	<b>37,575</b>
B.1 writedowns	2,368	-	35	-	180	856
<i>B.1.1 of which for overdue interest</i>	1,451	-	35	-	-	804
B.2 use of loan loss reserves	-	-	-	-	-	-
B.3 transfers from other categories of loans	2,139	-	750	-	-	-
B.4 other increases *	75,993	11,907	969	-	59	36,719
<b>C. Reductions</b>	<b>84,625</b>	<b>13,216</b>	<b>1,734</b>	<b>-</b>	<b>585</b>	<b>40,880</b>
C.1 write-backs from assessments	-	-	-	-	291	1,842
<i>C.1.1 of which: for overdue interest</i>	-	-	-	-	-	1,842
C.2 write-backs from recoveries	3,232	1,870	750	-	16	686
<i>C.2.1 of which: for overdue interest</i>	711	69	-	-	-	-
C.3 write-offs	17,133	708	-	-	277	3,724
C.4 transfers to other categories of loans	-	2,889	-	-	-	-
C.5 other decreases **	64,260	7,749	984	-	1	34,628
<b>D. Final total writedowns</b>	<b>46,295</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>18,359</b>
<i>D.1 of which: for overdue interest</i>	-	-	-	-	-	-
* of which: opening balances from merger transactions	69,622	11,049	17	-	1	33,431
** of which: transfers to Group companies	64,260	7,749	984	-	1	30,036

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Detail of item 40 "loans to customers"	
	AS AT 31.12.2005
Bills and notes discounted	48,069
<i>of which: securities eligible for refinancing at central banks</i>	-
Current accounts	8,240,003
Mortgages	1,144,049
Loans	1,711
Other non-overdraft lending	2,634,146
Non-performing loans	1,267
Repo transactions	-
Stock lending	-
Subordinated assets	21,806
Other forms of debt	339
<b>Total</b>	<b>12,091,390</b>

## Section 2 - Securities

€ '000

SECURITIES	AS AT 31.12.2005
<b>20. Treasury notes and similar securities eligible for refinancing at central banks</b>	<b>373,801</b>
<b>50. Bonds and other debt securities</b>	<b>29,545,948</b>
<b>60. Shares, interests and other variable yield securities</b>	<b>412,484</b>
<b>Total</b>	<b>30,332,233</b>
<i>of which: Investment securities</i>	26,549,114

The criteria used for distinguishing investment securities remained unchanged from the prior year.

In accordance with framework resolutions passed by the Board of Directors:

- **Investment securities** consist of medium or long-term securities, which, on the basis of their characteristics and purpose, are held as permanent investments. They can be broken down into four components: the first three are for securities administered by General Management, and the fourth consists of securities held by units operating abroad.

The procedures for using the assets in each of the four components are indicated below.

### - Investment portfolio

Investment securities in the traditional sense, which are typically held as a permanent investment; a size limitation has been set at €4,600 million.

– **Portfolio to optimise the group's capital structure**

This portfolio is used to hold bonds issued by other group entities purchased for the sole purpose of insuring compliance with the capital requirements imposed by the Supervisory Authorities. Due to the special nature of this grouping, no size limits were set in absolute or relative terms.

– **Portfolio resulting from restructured credit facilities**

This portfolio is the result of restructured credit facilities, and is used to hold the bonds issued in connection with the restructuring operations, which may also be implemented through the conversion to bonds of the bank's exposure to resident and foreign borrowers. Due to the special nature of this grouping, no size limits were set in absolute or relative terms.

– **Portfolio of securities of the foreign branches**

This portfolio consists of securities held by units operating abroad for which a maximum limit has been set at €1 billion.

- **Trading securities** are used for the day-to-day management of assets and liabilities and to manage the Group's temporary surplus liquidity. The maximum limit is €4 billion.

€ '000

<b>2.1 INVESTMENT SECURITIES</b>		
ITEMS/SECURITIES	AS AT 31.12.2005	
	CARRYING VALUE	MARKET VALUE
<b>1. Debt securities</b>	<b>26,406,149</b>	<b>26,767,906</b>
1.1 Government securities	1,601,249	1,884,730
- listed	1,601,249	1,884,730
- unlisted	-	-
1.2 Other securities	24,804,900	24,883,176
- listed	80,775	82,359
- unlisted	24,724,125	24,800,817
<b>2. Equity securities</b>	<b>142,965</b>	<b>142,970</b>
- listed	1,325	1,330
- unlisted	141,640	141,640
<b>Total</b>	<b>26,549,114</b>	<b>26,910,876</b>

Please refer to Part A) of the Notes to the Accounts, Section 1 "Description of Accounting Policies" for the policy used to determine market value.

**A comparison of carrying value and market value** shows a potential gain of €361,762 thousand at the end of 2005.

However, it should be noted that derivative contracts entered into in order to partially hedge investment securities showed a net loss of €215,688 thousand at the end of the year. Taking into account this negative effect the portfolio at hand showed a net gain at the end of 2005 of €146,074 thousand compared with market values.

Some securities (broken down by category in the table below) are recognised at a value which exceeds fair value by a total of €49,954 thousand.

The difference between book and fair value is mainly attributable to subordinated and non-subordinated bonds issued by Group companies in order to optimise the Group's capital structure.

## Notes to the Accounts - Part B) Notes to the Balance Sheet

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INVESTMENT SECURITIES	AS AT 31.12.2005		DIFFERENCES
	CARRYING VALUE	FAIR VALUE	
Other Italian government securities	749,360	734,250	+15,110
Bonds issued by Group Companies	9,183,450	9,150,630	+32,820
Other bonds	131,174	129,150	+2,024
	<b>10,063,984</b>	<b>10,014,030</b>	<b>+49,954</b>

The differences between redemption and Carrying value for fixed and variable-rate investment debt securities, broken down by similar categories, are as follows:

€ '000

	AS AT 31.12.2005		DIFFERENCES
	REDEMPTION VALUE *	CARRYING VALUE	
Long-term treasury bonds	637,159	658,965	-21,806
Treasury certificates	192,888	192,924	-36
Other Italian government securities	750,000	749,360	+640
Other bonds	24,857,168	24,804,900	+52,268
<b>Total</b>	<b>26,437,215</b>	<b>26,406,149</b>	<b>+31,066</b>

\* Redemption value is used to indicate face value.

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## 2.2 CHANGES IN INVESTMENT SECURITIES DURING THE YEAR

	UNITS OPERATING		TOTAL
	IN ITALY	ELSEWHERE	
<b>A. Opening balance</b>	<b>17,209,440</b>	<b>360,800</b>	<b>17,570,240</b>
<b>B. Increases</b>	<b>12,557,076</b>	<b>1,199,373</b>	<b>13,756,449</b>
B.1 Purchases	12,415,372	1,125,574	13,540,946
B.2 Write-backs	670	-	670
B.3 Transfers from trading securities	-	-	-
B.4 Other changes *	141,034	73,799	214,833
<b>C. Reductions</b>	<b>3,705,736</b>	<b>1,071,839</b>	<b>4,777,575</b>
C.1 Sales	-	77,861	77,861
C.2 Redemptions	3,559,590	993,175	4,552,765
C.3 Writedowns	6,083	-	6,083
of which: Permanent writedowns	6,083	-	6,083
C.4 Transfers to trading securities	-	-	-
C.5 Other changes	140,063	803	140,866
<b>D. Closing balance</b>	<b>26,060,780</b>	<b>488,334</b>	<b>26,549,114</b>

\* of which: opening balances from merger transactions

**Total write-backs** relate to shares in closed-end funds written down in previous years.

**Total writedowns** relate to shares in closed-end funds (€5,600 thousand) and securities resulting from restructured foreign credit facilities (€483 thousand).



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2.3 TRADING SECURITIES		
	AS AT 31.12.2005	
	CARRYING VALUE	MARKET VALUE
<b>1. Debt securities</b>	<b>3,513,599</b>	<b>3,514,015</b>
1.1 Government securities	876,321	876,321
- listed	876,321	876,321
- unlisted	-	-
1.2 Other securities	2,637,278	2,637,694
- listed	2,423,551	2,423,551
- unlisted	213,727	214,143
<b>2. Equity securities</b>	<b>269,520</b>	<b>269,612</b>
- listed	268,249	268,249
- unlisted	1,271	1,363
<b>Total</b>	<b>3,783,119</b>	<b>3,783,627</b>

Please refer to Part A) of the Notes to the Accounts, Section 1 "Description of Accounting Policies" for the policy used to determine market value.

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2.4 CHANGES IN TRADING SECURITIES DURING THE YEAR	
<b>A. Opening balance</b>	<b>3,162,093</b>
<b>B. Increases</b>	<b>6,870,495</b>
B.1 Purchases	6,371,909
- Debt securities	4,537,521
+ Government securities	1,398,884
+ other securities	3,138,637
- Equity securities	1,834,388
B.2 Write-backs and revaluations	3,207
B.3 Transfers from investment securities	-
B.4 Other changes *	495,379
<b>C. Reductions</b>	<b>6,249,469</b>
C.1 Sales and redemptions	6,240,721
- Debt securities	4,330,889
+ Government securities	1,495,004
+ other securities	2,835,885
- Equity securities	1,909,832
C.2 Writedowns	3,589
C.3 Transfers to investment securities	-
C.4 Other changes	5,159
<b>D. Closing balance</b>	<b>3,783,119</b>
* of which: opening balances from merger transactions	
	463,009

## Section 3 - Equity Investments

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	AS AT 31.12.2005
<b>70. Equity investments</b>	<b>3,635,846</b>
<b>80. Equity investments in Group companies</b>	<b>28,990,433</b>
<b>Total</b>	<b>32,626,279</b>

Note: Equity investments held as at 31.12.1992 are considered carried at cost as at that date.

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<b>3.1 SIGNIFICANT EQUITY INVESTMENTS</b>						
NAME AND MAIN OFFICE	SHAREHOLDERS' EQUITY AS AT 31.12.2005	PROFIT/LOSS AS AT 31.12.2005 *	INTEREST PERCENT.	CARRYING VALUE		PRO-RATA SHAREHOLDERS' EQUITY
<b>A. SUBSIDIARIES</b>						
<b>a) banks</b>						
<b>1. listed</b>						
BANK AUSTRIA CREDITANSTALT A.G. Vienna	6,537,712	479,880 <sup>(A)</sup>	17.45%	2,099,916 <sup>(1/2)</sup>		1,140,831
BANK PEKAO S.A. Warsaw	2,148,490	376,129	52.93%	1,130,909		1,137,196
BAYERISCHE HYPO- UND VEREINSBANK A.G. Munich	12,130,599	993,014	93.93%	14,490,458 <sup>(1/2)</sup>		11,394,272
UNICREDIT ZAGREBACKA BANKA D.D. Mostar	60,441	9,050 <sup>(B)</sup>	4.69%	1,496		2,835
ZAGREBACKA BANKA D.D. Zagreb	813,077	118,975 <sup>(C)</sup>	81.91%	498,754		665,991
<b>2. unlisted</b>						
BULBANK A.D. Sofia	304,724	47,688	86.13%	319,276 <sup>(1/3)</sup>		262,459
UNIBANKA A.S. Bratislava	94,436	10,058	77.21%	81,429 <sup>(1)</sup>		72,914
UNICREDIT BANCA S.p.A. Bologna	3,809,769	629,485	100.00%	2,687,666		3,809,769
UNICREDIT BANCA D'IMPRESA S.p.A. Verona	4,546,661	530,256	100.00%	3,531,338		4,546,661
UNICREDIT BANCA MEDIOCREDITO S.p.A. (now 2S BANCA S.p.A.) Turin	432,389	25,397	100.00%	315,651		432,389
UNICREDIT BANCA MOBILIARE S.p.A. Milan	904,191	283,189	100.00%	232,405		904,191

## (3.1 Significant equity investments continued)

€ '000

NAME AND MAIN OFFICE	SHAREHOLDERS' EQUITY AS AT 31.12.2005	PROFIT/LOSS AS AT 31.12.2005 *	INTEREST PERCENT.	CARRYING VALUE	PRO-RATA SHAREHOLDERS' EQUITY
UNICREDIT INTERNATIONAL BANK (LUXEMBOURG) S.A. Luxembourg	21,455	1,370	100.00%	20,000	21,455
UNICREDIT PRIVATE BANKING S.p.A. Turin	334,592	76,597	100.00%	230,907	334,592
UNICREDIT ROMANIA S.A. Bucarest	68,388	951 <sup>(D)</sup>	99.95%	66,246	68,354
UNICREDIT XELION BANCA S.p.A. Milan	290,895	-35,095	100.00%	290,895	290,895
UNICREDITO GESTIONE CREDITI S.p.A. BANCA PER LA GESTIONE DEI CREDITI Verona	94,562	25,031 <sup>(E)</sup>	97.81%	72,047	92,491
UNICREDITO ITALIANO BANK (IRELAND) P.L.C. Dublin	948,308	61,501	100.00%	873,995	948,308
ZIVNOSTENSKA BANKA A.S. Prague	115,355	6,212	96.63%	198,559 <sup>(1)</sup>	111,468
<b>b) financial companies</b>					
<b>1. listed</b>	-	-	-	-	-
<b>2. unlisted</b>					
LOCAT S.p.A. Bologna	507,292	93,492	100.00%	237,521	507,292
PIONEER GLOBAL ASSET MANAGEMENT S.p.A. Milan	1,661,148	267,300	100.00%	1,241,636	1,661,148
TYRERESCOM LTD Dublin	1,180	1,180	100.00%	-	1,180
UNICREDIT DELAWARE INC. Dover	137	13	100.00%	22	137
UNICREDIT INFRASTRUTTURE S.p.A. Turin	579	-21	100.00%	600 <sup>(4)</sup>	579
UNICREDIT LEASING ROMANIA S.A. Bucarest	21,653	3,804 <sup>(F)</sup>	100.00%	15,289	21,653
UNICREDITO ITALIANO CAPITAL TRUST I Newark (Delaware)	1	-	100.00%	1	1
UNICREDITO ITALIANO CAPITAL TRUST II Newark (Delaware)	1	-	100.00%	1	1
UNICREDITO ITALIANO FUNDING LLC I Dover (Delaware)	2	-	100.00%	2	2
UNICREDITO ITALIANO FUNDING LLC II Dover (Delaware)	2	-	100.00%	2	2
UNICREDITO ITALIANO FUNDING LLC III Delaware	58	57	100.00%	1	58
UNICREDITO ITALIANO FUNDING LLC IV Delaware	47	45	100.00%	1	47

## Notes to the Accounts - Part B) Notes to the Balance Sheet

(3.1 Significant equity investments continued)

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NAME AND MAIN OFFICE	SHAREHOLDERS' EQUITY AS AT 31.12.2005	PROFIT/LOSS AS AT 31.12.2005 *	INTEREST PERCENT.	CARRYING VALUE	PRO-RATA SHAREHOLDERS' EQUITY
UNIRISCOSSIONI S.p.A. Turin	50,570	22,129	100.00%	29,241	50,570
XELION DORADCY FINANSOWI SP.ZO.O Lodz	10,473	-5,945 <sup>(G)</sup>	50.00%	4,822	5,237
<b>c) other</b>					
<b>1. listed</b>	-	-	-	-	-
<b>2. unlisted</b>					
CASSA & ASSICURAZIONI S.p.A. (in liquidation) Verona	84	.. <sup>(H)</sup>	65.00%	62	62
TRIVIMM S.r.l. Verona	801	73 <sup>(I)</sup>	29.00%	22	232
UNICREDIT AUDIT S.p.A. Milan	1,211	-1,017	100.00%	1,211	1,211
UNICREDIT PRODUZIONI ACCENTRATE S.p.A. Cologno Monzese (MI)	13,497	4,720	100.00%	3,030	13,497
UNICREDIT REAL ESTATE S.p.A. Milan	339,934	12,164 <sup>(I)</sup>	100.00%	268,232	339,934
UNICREDIT SERVIZI INFORMATIVI S.p.A. Milan	63,104	1,842	100.00%	46,790	63,104
<b>Total for item 80</b>				<b>28,990,433</b>	
<b>B. COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE</b>					
<b>a) banks</b>					
<b>1. listed</b>	-	-	-	-	-
<b>2. unlisted</b>					
BANCA CASSA DI RISPARMIO DI SAVIGLIANO S.p.A. Savigliano (CN)	54,758	1,444 <sup>(K)</sup>	31.01%	16,702	16,980
CASSA DI RISPARMIO DI BRA S.p.A. Bra (CN)	47,566	1,850 <sup>(K)</sup>	31.02%	13,441	14,755
CASSA DI RISPARMIO DI FOSSANO S.p.A. Fossano (CN)	76,076	2,027 <sup>(K)</sup>	23.08%	16,693	17,558
CASSA DI RISPARMIO DI SALUZZO S.p.A. Saluzzo (CN)	65,545	2,657 <sup>(K)</sup>	31.02%	19,454	20,332
<b>b) financial companies</b>					
<b>1. listed</b>	-	-	-	-	-
<b>2. unlisted</b>					
CASSA DI LIQUIDAZIONE E GARANZIA S.p.A. (in liquidation) Trieste	411	-3 <sup>(L)</sup>	24.61%	40	101
CONSORTIUM S.r.l. Milan	657,623	101,778	31.24%	190,713	205,441

## (3.1 Significant equity investments continued)

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NAME AND MAIN OFFICE	SHAREHOLDERS' EQUITY AS AT 31.12.2005	PROFIT/LOSS AS AT 31.12.2005 *	INTEREST PERCENT.	CARRYING VALUE	PRO-RATA SHAREHOLDERS' EQUITY
FIDIA - Fondo Interbancario d'Investimento Azionario S.G.R. S.p.A. Milan	14,943	-160 <sup>(M)</sup>	25.00%	3,650	3,736
KOC FINANSAL HIZMETLER A.S. Istanbul	1,783,265	84,105	50.00%	754,580	891,633
LISEURO S.p.A. Udine	3,665	71 <sup>(N)</sup>	35.11%	455	1,287
SYNESIS FINANZIARIA S.p.A. Torino	438,303	29,036 <sup>(O)</sup>	25.00%	95,722	109,576
SOCIETÀ FRIULANA ESAZIONE TRIBUTI S.p.A. Udine	5,354	290 <sup>(N)</sup>	33.33%	516	1,784
<b>c) other</b>					
<b>1. listed</b>	-	-	-	-	-
<b>2. unlisted</b>					
CONSORZIO CA.RI.CE.SE Bologna	1,624	- <sup>(P)</sup>	33.16%	2,396 <sup>(5)</sup>	539
INIZIATIVE URBANE S.p.A. Trento	6,544	-673 <sup>(M)</sup>	27.78%	1,786	1,818
SERIN S.r.l. Trento	79	.. <sup>(N)</sup>	20.00%	16	16
SVILUPPO GLOBALE GEIE Rome	30	-30	25.00%	..	8
<b>Total (included in item 70)</b>				<b>1,116,164</b>	

\* Amount already included in "Shareholders' equity" in the previous column.

(A) In addition to the 77.53% held through Bayerische Hypo- und Vereinsbank A.G.

(B) In addition to 93.98% held by Zagrebacka Banka d.d.; the overall Group share of ordinary share capital is 99.46%.

(C) 82.16% of ordinary share capital (the subsidiary holds 8,115 own ordinary shares, equal to 0.282% of the ordinary share capital).

(D) In addition to 1 share held by UniCredit Leasing Romania S.A. and 1 share held by UniCredit Securities S.A..

(E) The subsidiary holds 175,000 own shares, equal to 2.19% of share capital.

(F) In addition to 4 shares, each one held by Group companies.

(G) In addition to the 50% held through Bank Pekao S.A..

(H) On 28 January 2004, the Shareholders' Meeting approved the final liquidation accounts as at 24.01.2004. During 2004 the Company made an initial liquidation allocation and at the end of the 2005 residual shareholders' equity was € 84,000 and the portion applicable to UniCredit was € 62,000 under agreement with the other shareholder.

(I) In addition to 48% held through UniCredito Gestione Crediti S.p.A. Banca per la Gestione dei Crediti.

(J) Figures determined under IFRS.

(K) Data are taken from the balance sheet as at 30 June 2005.

(L) Data are taken from the financial statements as at 31 December 2004 and take into account an initial liquidation allocation made in December 2005.

(M) Data are taken from the balance sheet as at 30 September 2005.

(N) Data are taken from the financial statements as at 31 December 2004.

(O) Data are taken from the consolidated balance sheet as at 30 September 2005.

(P) In addition to the total 0.58% held by various Group banks.

With regard to the above table, it should be noted that:

- shareholders' equity and net profit/loss for each affiliated company were taken from the 2005 accounts approved at the respective shareholders' meetings, or from the 2005 AGM accounts approved by the respective Boards of Directors; where these figures were not available, they were taken from the last approved accounts or balance sheet. For foreign companies, the amounts have been converted to euros at the exchange rate prevailing at fiscal year-end;
- the stake shown is that held directly by the Parent Company, excluding the percentage applicable to other Group companies;
- the difference between carrying value and the lower value corresponding to the fraction of shareholders' equity is justified by:

- (1) the higher cost incurred at the time of the purchase or increase in the stake held (including ancillary costs) and retained in the Accounts where the causes of such higher costs continue to exist;
- (2) higher market value;
- (3) the different exchange rate used;
- (4) the 2005 loss arising from costs for setting up the company and starting operations. The subsidiary was established in July 2005 and started its operations in January 2006.
- (5) The higher cost incurred at the time of the purchase and increase in the stake held and maintained in the Accounts in relation to the continued existence of reasons justifying the payment of the increase. The object of the affiliated company, which broke even for the fiscal year, is to provide services to the members of the consortium; therefore, it is a non-profit organisation and income for the members is a result of the lower fees they are required to pay.

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**3.2 ASSETS AND LIABILITIES WITH GROUP COMPANIES****3.3 ASSETS AND LIABILITIES WITH AFFILIATED COMPANIES (OTHER THAN GROUP COMPANIES)**

AS AT 31.12.2005		
	ASSET AND LIABILITY POSITIONS WITH GROUP COMPANIES	ASSET AND LIABILITY POSITIONS WITH AFFILIATED COMPANIES (OTHER THAN GROUP COMPANIES)
<b>a) Assets</b>		
1. loans to banks *	64,264,339	1,113,336
<i>of which: subordinated loans</i>	34,483	-
2. loans to financial institutions	9,470,687	3,406
<i>of which: subordinated loans</i>	18,400	3,406
3. loans to other customers	960,814	-
<i>of which: subordinated loans</i>	-	-
4. bonds and other debt securities	24,056,473	22,932
<i>of which: subordinated loans</i>	2,796,450	-
<b>Total Assets</b>	<b>98,752,313</b>	<b>1,139,674</b>
<b>b) Liabilities</b>		
1. due to banks *	32,345,752	3,366,163
2. due to financial institutions	335,339	-
3. due to other customers	-	-
4. securities in issue	4,172,847	-
5. subordinated debt	2,885,951	-
<b>Total Liabilities</b>	<b>39,739,889</b>	<b>3,366,163</b>
<b>c) Guarantees and commitments</b>		
1. guarantees given	24,371,687	103,254
2. commitments	4,182,108	101,897
<b>Total Guarantees and Commitments</b>	<b>28,553,795</b>	<b>205,151</b>

\* "Asset and liability positions with affiliated companies" includes transactions with Banca d'Italia

**ASSET AND LIABILITY POSITIONS WITH GROUP COMPANIES AND AFFILIATED COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE**

Existing assets and liabilities related to group companies as at 31.12.2005, as defined by art. 4 of Legislative Decree 87/92, as well as those related to affiliated companies subject to significant influence, are as follows:

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**ASSET AND LIABILITY POSITIONS WITH GROUP COMPANIES AND AFFILIATED COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE**

GROUP COMPANIES	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSE
BAC Fiduciaria S.p.A.	-	-	-	10	-
Banca Agricola Commerciale della Repubblica di S. Marino S.A.	347	598,099	6,314	75	14,105
Bank Austria Creditanstalt A.G.	2,025,137	107,723	2,300	3,306	474
Bank Pekao S.A.	2,579	8,633	52,194	3,211	1,861
Bank Pekao (Ukraina)		6		181	-

(Asset and liability positions with group companies and affiliated companies subject to significant influence continued)

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GROUP COMPANIES	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSE
Banque Monegasque de Gestion S.A.	426	46,033	10,596	139	1,024
Bayerische Hypo- und Vereinsbank A.G.	1,500,005	606,370	543,446	2,780	1,492
Breakeven S.r.l.	-	-	-	1	-
Bulbank A.D.	15,135	62,175		1,137	1,625
Centralny Dom Maklensky Pekao SA	-	4	-	-	-
Cordusio Società Fiduciaria per Azioni	-	-	-	70	-
Euro Capital Structures Ltd	-	-	-	-	590
FRT Fiduciaria Risparmio Torino SIM S.p.A.	-	-	-	19	1
I-Faber S.p.A.	-	-	-	928	307
Locat S.p.A.	7,038,235	-	-	166,979	11,539
Locat Leasing Croatia d.o.o.	-	-	170,000	-	-
LocatRent S.p.A.	-	-	-	1,780	1,678
Medioinvest S.r.l.	-	-	-	6	3
Pekao Leasing Sp.zo.o	-	-	-	232	-
Pioneer Alternative Investment Management Ltd		39	-	-	17
Pioneer Alternative Investment Management S.G.R.p.A.	-	-	-	14	1
Pioneer Asset Management SA	-	3,610	-	2,548	-
Pioneer Investment Management S.G.R.p.A.	-	6,409	-	7,708	689
Pioneer Global Asset Management S.p.A.	-	8,981	-	3,021	785
Pioneer Investment Management Ltd	-	-	-	-	7,683
Pioneer Investment Management USA Inc	195,271	25,470	71,205	7,470	420
Quercia Funding S.r.l.	-	-	-	4	-
Quercia Software S.p.A.	-	-	-	38	627
S+R Investimenti e gestioni S.G.R.p.a.	-	84	-	49	1
TLX S.r.l.	-	-	-	15	-
Trivimm S.r.l.	-	-	-	1	-
Tyrerescom Ltd	-	-	-	4	-
UBM Securities Inc. (in liquidazione)	-	683	125	7	3
UNI IT S.r.l	-	-	-	14	-
UniBanka A.S.	38,396	3,440	4,243	1,461	146
UniCreditAssicura S.r.l.	-	-	-	996	-
UniCredit Audit S.p.A.	-	-	-	865	8,592
UniCredit Banca S.p.A.	9,354,897	23,807,033	7,339,215	214,547	424,938
UniCredit Banca d'Impresa S.p.A.	38,011,769	1,110,220	2,728,882	819,382	46,122
UniCredit Banca Mediocredito S.p.A.	1,793,677	78,799	305,370	35,352	572
UniCredit Banca Mobiliare S.p.A.	25,060,720	5,150,925	715,957	536,241	146,664
UniCredit Banca per la Casa S.p.A.	6,920,000	20,634	4,170,173	157,820	175
UniCredit Broker S.p.A.	-	-	-	106	-
UniCredit China Capital Ltd	71	-	-	-	-

## Notes to the Accounts - Part B) Notes to the Balance Sheet

(Asset and liability positions with group companies and affiliated companies subject to significant influence continued)

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GROUP COMPANIES	ASSETS	LIABILITIES	GUARANTEES AND COMMITMENTS	INCOME	EXPENSE
UniCredit Clarima Banca S.p.A.	3,272,109	-	429	65,521	166
UniCredit Delaware Inc.	1	251,542		7	13,667
UniCredit Factoring S.p.A.	1,476,525	-	100,000	22,549	-
UniCredit International Bank (Luxemburg) S.A.	2,481	178,935	326	977	3,809
UniCredit Ireland Financial Services Plc	-	7	-	6	-
UniCredit Leasing Bulgaria S.A.	20,000	-	-	58	-
UniCredit Leasing Romania S.A.	25,000	-	7,500	316	-
UniCredit Private Banking S.p.A.	41,938	3,817,415	282	10,422	81,702
UniCredit Produzioni Accentrate S.p.A.	-	-	-	3,458	44,090
UniCredit Real Estate S.p.A.	960,814	-	-	39,418	18,235
UniCredit Romania S.A.	62,818	692	68,604	2,608	48
UniCredit Servizi Informativi S.p.A.	-	-	-	2,514	28,192
UniCredit (Suisse) Bank S.A.	23,515	15,038	2,125	318	445
UniCredit Xelion Banca S.p.A.	7,033	1,458,172	317	5,539	29,363
UniCredit Zagrebacka Banka d.d.	-	3,784	108	12	71
UniCredito Gestione Crediti Spa Banca per la Gestione dei Crediti	-	91,657	837	442	1,887
UniCredito Italiano Bank (Ireland) PLC	60,122	151,161	10,519,922	18,262	51,656
UniCredito Italiano Funding LLC I	-	540,000	540,000	6	45,837
UniCredito Italiano Funding LLC II	-	381,453	381,453	6	35,114
UniCredito Italiano Funding LLC III	-	761,610	-	-	5,231
UniCredito Italiano Funding LLC IV	-	442,565	-	-	4,167
UniCredito Italiano Capital Trust I	-	-	-	4	-
UniCredito Italiano Capital Trust II	-	-	-	4	-
UniRiscossioni S.p.A.	718,687	-	476,506	15,376	385
XAA Agenzia Assicurativa Spa	-	-	-	55	-
Zagrebacka Banka d.d.	90,056	278	335,366	3,471	18
Zivnostenska Banka A.S.	34,549	210	-	1,458	35
<b>Total group companies</b>	<b>98,752,313</b>	<b>39,739,889</b>	<b>28,553,795</b>	<b>2,161,324</b>	<b>1,036,252</b>
<b>Affiliates (significant influence)</b>					
Banca Cassa di Risparmio di Savigliano S.p.A.	6,579	6,127	-	493	179
Cassa di Risparmio di Bra S.p.A.	7,867	44,898	26	479	465
Cassa di Risparmio di Fossano S.p.A.	5,351	87,739	13	306	288
Cassa di Risparmio di Saluzzo S.p.A.	31,091	215	-	789	92
Consorzio CA.RI.CE.SE.	-	-	-	-	257
Koç Finansal Hizmetler AS	-	-	76,948	-	-
<b>Total affiliates (significant influence)</b>	<b>50,888</b>	<b>138,979</b>	<b>76,987</b>	<b>2,067</b>	<b>1,281</b>
<b>TOTAL</b>	<b>98,803,201</b>	<b>39,878,868</b>	<b>28,630,782</b>	<b>2,163,391</b>	<b>1,037,533</b>



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**3.4 ITEM 70 "EQUITY INVESTMENTS"**  
**3.5 ITEM 80 "EQUITY INVESTMENTS IN GROUP COMPANIES"**

	AS AT 31.12.2005	
	EQUITY INVESTMENTS ITEM 70	EQUITY INVESTMENTS IN GROUP COMPANIES ITEM 80
<b>a) Equity investments in banks</b>	<b>556,967</b>	<b>27,141,946</b>
listed	428,098	18,221,532
unlisted	128,869	8,920,414
<b>b) Equity investments in financial institutions</b>	<b>1,082,393</b>	<b>1,529,140</b>
listed	-	-
unlisted	1,082,393	1,529,140
<b>c) Other</b>	<b>1,996,486</b>	<b>319,347</b>
listed	1,000,720	-
unlisted	995,766	319,347
<b>Total</b>	<b>3,635,846</b>	<b>28,990,433</b>

€ '000

**3.6 CHANGES IN EQUITY INVESTMENTS**

3.6.1 Equity investments in Group companies

3.6.2 Other equity investments

	AS AT 31.12.2005	
	EQUITY INVESTMENTS IN GROUP COMPANIES ITEM 80	OTHER EQUITY INVESTMENTS ITEM 70
<b>A. Opening balance</b>	<b>11,653,600</b>	<b>3,106,891</b>
<b>B. Increases</b>	<b>18,730,848</b>	<b>782,372</b>
B.1 Purchases	17,608,335	515,669
B.2 Write-backs	800	26,012
B.3 Revaluations	-	-
B.4 Other changes *	1,121,713	240,691
<b>C. Reductions</b>	<b>1,394,015</b>	<b>253,417</b>
C.1 Sales	14,000	238,726
C.2 Writedowns	38,815	3,867
including permanent writedowns	38,815	3,867
C.3 Other changes **	1,341,200	10,824
<b>D. Closing balance</b>	<b>28,990,433</b>	<b>3,635,846</b>
<b>E. Total revaluations</b>	-	<b>10,841</b>
<b>F. Total adjustments</b>	<b>499,719</b>	<b>51,175</b>
* of which: opening balances from merger transactions	9,326	16,301
** of which: transfers to Group companies	9,296	-

€ '000

## Detail of changes in item 80 "equity investments in group companies"

**B. Increases****B.1 Purchases: \***

Bayerische Hypo- und Vereinsbank A.G.	14,437,106	
Bank Austria Creditanstalt A.G.	2,092,846	
Banca dell'Umbria S.p.A.	679,982	
Cassa Risparmio Carpi S.p.A.	290,300	
Pioneer Global Asset Management S.p.A.	58,600	
UniCredit Banca Mediocredito S.p.A.	20,939	
Locat S.p.A.	7,197	
UniCredit Leasing Romania S.A.	6,988	
Xelion Doradcy Finansowy Sp.zo.o	6,010	
Uniriscossioni S.p.A.	4,000	
Bulbank A.D.	3,726	
Other	641	
	<b>17,608,335</b>	

**B.2 Write-backs:**

Uniriscossioni S.p.A.	<b>800</b>	
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**B.4 Other changes:**

<b>Opening balances resulting from merger transactions (F2 transaction)</b>		9,326
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**Gains:**

Società Trasporto Telematico S.p.A.	10,967	
C.R.Trieste Ireland Plc	26	10,993

**Loss coverage payments:**

Uniriscossioni S.p.A.	18,636	
UniCredit Audit S.p.A.	1,800	20,436

**Capital increases subscribed through transfer of businesses:**

UniCredit Banca S.p.A.	548,056	
UniCredit Banca d'Impresa S.p.A.	185,000	
UniCredit Private Banking S.p.A.	15,000	
UniCredit Real Estate S.p.A.	52	748,108

**Exchange rate differences:**

UniCredito Italiano Bank (ireland) Plc	13,587	
Other	742	14,329

**Other changes:**

Resulting from absorption of Cordusio Immobiliare S.p.A. by UniCredit Real Estate S.p.A.	257,884	
Resulting from capitalization of ancillary costs from equity investments	60,634	
Other	3	318,521
	<b>1,121,713</b>	

\* including any subscriptions to capital increases

**C. Decreases****C.1 Sales:**

Società Trasporto Telematico S.p.A.		<b>14,000</b>
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**C.2 Writedowns:**

UniCredit Xelion Banca S.p.A.	35,095	
Xelion Doradcy Finansowi Sp.zo.o	2,703	
UniCredit Audit S.p.A.	1,017	<b>38,815</b>

**C.3 Other changes:****Equity investments derecognised following merger transactions:**

Banca dell'Umbria S.p.A.	679,982	
Cassa Risparmio Carpi S.p.A.	290,300	
Sviluppo Finanziaria S.p.A.	77,837	
Fida Finanziaria d'affari SIM S.p.A.	1,435	1,049,554

<b>Equity investments transferred (F2 transaction)</b>		<b>9,296</b>
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**Losses:**

Auges S.p.A. SIM		4
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**Other:**

Capital contribution repaid:

- Tyrerescom Ltd		22,546
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Resulting from absorption of Cordusio Immobiliare S.p.A.  
by UniCredit Real Estate S.p.A.

257,884

Share of liquidation proceeds:

- CRTrieste Ireland Ltd	1,911	
- Auges S.p.A. SIM	5	1,916

**1,341,200**

€ '000

## Detail of changes in item 70 "other equity investments"

**B. Increases****B.1 Purchases: \***

Koç Finansal Hizmetler A.S.	499,999
Immobiliare Lombarda S.p.A.	10,293
Metis S.p.A.	1,870
Istituto Europeo di Oncologia S.r.l.	1,680
Other	1,827
	<b>515,669</b>

**B.2 Write-backs:**

Consortium S.r.l.	20,684
Immobiliare Lombarda S.p.A.	4,581
Infracom Italia S.p.A.	500
Metis S.p.A.	203
Other	44
	<b>26,012</b>

**B.4 Other changes:**

<b>Opening balances from merger transactions (F2 transaction)</b>	16,301
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**Gains:**

Autostrada BS VR VI PD S.p.A.	199,196
IKB Deutsche Industriebank AG	6,669
MTS S.p.A.	3,414 **
Lingotto S.p.A.	2,999
Cedacrinord S.p.A.	2,552
Nortel Inversora S.A.	1,341
Capitalia S.p.A.	557
Other	1,660
	<b>218,388</b>

**Other:**

Underwriting of Friulia S.p.A. capital increase against Friulia Lis S.p.A. and Finest S.p.A. shares	3,962
Other	2,040
	<b>6,002</b>
	<b>240,691</b>

\* including any subscriptions to capital increases

\*\* as well as net profit of € 5,997 thousand relating to sale still unsettled at year-end.

**C. Decreases****C.1 Sales:**

Autostrada BS VR VI PD S.p.A.	200,000	
IKB Deutsche Industriebank AG	24,056	
Cedacrinord S.p.A.	6,072	
Lingotto S.p.A.	3,000	
Capitalia S.p.A.	1,682	
Nortel Inversora S.A.	1,341	
Other	2,575	
	<b>238,726</b>	

**C.2 Writedowns:**

Banksiel S.p.A.	1,847	
Colombo S.r.l	472	
B.I.G. Beni Immobili Gestiti S.p.A.	445	
B. Group s.p.A.	256	
Iniziative Urbane S.p.A.	207	
Fidia S.G.R. S.p.A.	129	
Retex Misura 5	98	
Bilancial International S.p.A.	70	
Capitale e Sviluppo S.p.A.	69	
Sitraci S.p.A.	67	
S.A.S.E. S.p.A.	63	
Other	144	
	<b>3,867</b>	

**C.3 Other changes:****Losses:**

Istituto Europeo per l'Enciclopedia della Banca e della Borsa I.E.B.B. S.p.A.	24	
Passante del Nord-Est S.c.p.a.	1	25

**Other:**

Transfer of Friulia Lis S.p.A. and Finest S.p.A. shares to underwrite Friulia S.p.A. capital increase	3,962	
Reduction of carrying value to memorandum value and recognition of gains from the use of M.T.S. S.p.A. share premium reserve	6,242	
Other	595	10,799
	<b>10,824</b>	

## Section 4 - Tangible and Intangible Fixed Assets

€ '000

	AS AT 31.12.2005
<b>90. Intangible fixed assets</b>	<b>11,869</b>
<b>100. Tangible fixed assets</b>	<b>14,760</b>
<b>Total</b>	<b>26,629</b>
<i>of which: property used by the bank for its operations</i>	-

€ '000

4.1 CHANGES IN "TANGIBLE FIXED ASSETS" DURING THE YEAR				
	PROPERTY	FURNITURE	EQUIPMENT	TOTAL
<b>A. Opening balance</b>	<b>320</b>	<b>10,308</b>	<b>5,756</b>	<b>16,384</b>
<b>B. Increases</b>	<b>102,899</b>	<b>6,032</b>	<b>4,752</b>	<b>113,683</b>
B.1 Purchases	2,559	2,198	2,448	7,205
B.2 Write-backs	-	-	-	-
B.3 Revaluations	47,137	-	-	47,137
B.4 Other changes *	53,203	3,834	2,304	59,341
<b>C. Reductions</b>	<b>102,896</b>	<b>5,387</b>	<b>7,024</b>	<b>115,307</b>
C.1 Sales	7,411	1,124	89	8,624
C.2 Writedowns	1,681	2,811	4,814	9,306
a) depreciation	1,681	2,811	4,814	9,306
b) permanent writedowns	-	-	-	-
C.3 Other changes **	93,804	1,452	2,121	97,377
<b>D. Closing balance</b>	<b>323</b>	<b>10,953</b>	<b>3,484</b>	<b>14,760</b>
<b>E. Total revaluations</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>F. Total adjustments</b>	<b>137</b>	<b>24,628</b>	<b>46,531</b>	<b>71,296</b>
a) depreciation	137	24,628	46,531	71,296
b) permanent writedowns	-	-	-	-
* of which: opening balances from merger transactions	52,232	2,776	2,151	57,159
** of which: transfer/sale of businesses to Group companies	91,037	1,327	1,933	94,297

Property revaluations are connected to the absorption of Banca dell'Umbria 1462 S.p.A. and Cassa Risparmio Carpi S.p.A. and the transfer of business to UniCredit Real Estate S.p.A.

See the annexes for a list of properties indicating revaluations applied in the past in accordance with legislative provisions.

€ '000

4.2 CHANGES IN "INTANGIBLE FIXED ASSETS" DURING THE YEAR	
<b>A. Opening balance</b>	<b>19,709</b>
<b>B. Increases</b>	<b>555,121</b>
B.1 Write-backs	553,910
B.2 Riprese di valore	-
B.3 Revaluations	-
B.4 Other changes *	1,211
<b>C. Reductions</b>	<b>562,961</b>
C.1 Sales	19
C.2 Writedowns	24,659
a) amortisation	24,659
b) permanent writedowns	-
C.3 Other changes **	538,283
<b>D. Closing balance</b>	<b>11,869</b>
<b>E. Total revaluations</b>	<b>-</b>
<b>F. Total adjustments</b>	<b>175,704</b>
a) amortisation	175,704
b) permanent writedowns	-
* of which: opening balances from merger transactions	1,094
** of which: transfer/sale of businesses to Group companies	507,636

The above changes in intangible assets include the loss on absorption of Banca dell'Umbria S.p.A. and Cassa Risparmio Carpi S.p.A., as detailed in the relevant table annexed to the Accounts.

Intangible assets are broken down as follows:

€ '000

	AS AT 31.12.2005
Intangible assets (software)	1,971
Restructuring of leased property	9,898
<b>Total</b>	<b>11,869</b>

## Section 5 - Other Assets

€ '000

	AS AT 31.12.2005
<b>130. Other assets</b>	<b>6,146,528</b>
<b>140. Accrued income and pre-paid expenses</b>	<b>1,243,247</b>
<b>Total</b>	<b>7,389,775</b>

€ '000

5.1 ITEM 130 "OTHER ASSETS"	
	AS AT 31.12.2005
<b>Cash and other valuables held by cashier:</b>	
- current account checks drawn on third parties being settled	2
	<b>2</b>
<b>Interest and amounts to be debited to:</b>	
- customers	234
- banks	-
	<b>234</b>
<b>Caution monies:</b>	
- in the name of, and on behalf of the Group	2,755
	<b>2,755</b>
<b>Items in transit between branches not yet attributed to destination accounts</b>	<b>177</b>
<b>Items in processing</b>	<b>190,982</b>
<b>Receivables for advances made by the tax collection service</b>	<b>10,344</b>
<b>Tax entries:</b>	
- advance payments to tax authorities	239,495
- tax credits	939,463
- deferred tax assets	145,507
- tax consolidation assets	149,000
- other tax entries	666,522
<i>of which: Group VAT credit</i>	570,426
	<b>2,139,987</b>
<b>Entries resulting from the valuation of off-balance-sheet transactions</b>	
- customers	333,379
- banks	1,128,481
	<b>1,461,860</b>
<b>Entries judged definitive but not attributable to other items</b>	
- securities and coupons to be settled	51,376
- other transactions	2,231,849
<i>of which: Group companies, for dividends accrued during the period to be collected</i>	2,100,166
	<b>2,283,225</b>
<b>Other entries:</b>	
- costs awaiting final allocation	292
- premiums paid for options	38,794
- other entries	17,876
	<b>56,962</b>
<b>Total</b>	<b>6,146,528</b>



€ '000

5.2 ITEM 140 "ACCRUED INCOME AND PRE-PAID EXPENSES"	
	AS AT 31.12.2005
<b>Accrued income</b>	
for accrued interest on investment and trading securities	139,703
for accrued interest on loans to banks	121,144
for accrued interest on loans to customers	48,845
for differentials on derivative contracts	557,885
for other transactions	1,071
<b>Total accrued income</b>	<b>868,648</b>
<b>Pre-paid expenses</b>	
for advance rent payments	543
for off-balance-sheet transactions	180,606
for issue discount on securities	31,950
for miscellaneous commissions and other transactions	161,500
<b>Total pre-paid expenses</b>	<b>374,599</b>
<b>Total accrued income and pre-paid expenses</b>	<b>1,243,247</b>

Accrued income and pre-paid expense are reported on the basis of the accrual principle and in accordance with the provisions of Article 2424 bis of the Italian Civil Code.

### 5.3 ADJUSTMENTS FOR ACCRUED INCOME AND PRE-PAID EXPENSE

No upward or downward adjustments were made to balancing asset and liability items to which accrued income and pre-paid expense refer.

€ '000

5.4 DISTRIBUTION OF SUBORDINATED ASSETS	
	AS AT 31.12.2005
a) loans to banks	34,483
b) loans to customers	21,806
c) bonds and other debt securities	2,866,456
<b>Total</b>	<b>2,922,745</b>

## Section 6 - Deposits

€ '000

DEPOSITS	AS AT 31.12.2005
10. Due to banks	52,405,728
20. Due to customers	5,607,153
30. Securities in issue	49,382,269
<b>Total</b>	<b>107,395,150</b>

€ '000

6.1 DETAIL OF ITEM 10 "DUE TO BANKS"	
	AS AT 31.12.2005
<b>a) repo transactions</b>	<b>6,732,592</b>
- ordinary transactions	6,711,648
- for securities given on loan	20,944
<b>b) stock lending</b>	<b>138,185</b>

€ '000

Item 10 "due to banks"	
	AS AT 31.12.2005
<b>a) on demand:</b>	
Deposits	7,879,810
Current accounts for services rendered	5,437,800
	<b>13,317,610</b>
<b>b) term or with notice:</b>	
Time deposits	31,005,421
Repo transactions	6,732,592
<i>of which: Banca d'Italia</i>	3,070,001
Stock lending	138,185
Other forms of debt	1,211,920
	<b>39,088,118</b>
<b>Total</b>	<b>52,405,728</b>

€ '000

6.2 DETAIL OF ITEM 20 "DUE TO CUSTOMERS"	
	AS AT 31.12.2005
<b>a) repo transactions</b>	<b>7,896</b>
- ordinary transactions	7,896
- for securities given on loan	-
<b>b) stock lending</b>	<b>-</b>

€ '000

Item 20 "due to customers"	
	AS AT 31.12.2005
<b>a) on demand:</b>	
Overdraft accounts	2,331,254
	<b>2,331,254</b>
<b>b) on term or with notice:</b>	
Overdraft accounts	3,268,003
Repo transactions	7,896
Stock lending	-
	<b>3,275,899</b>
<b>Total</b>	<b>5,607,153</b>

€ '000

Item 30 "securities in issue"	
	AS AT 31.12.2005
Bonds	23,562,263
Certificates of deposit	23,604,047
Other securities	2,215,959
<b>Total</b>	<b>49,382,269</b>

## Section 7 - Provisions

€ '000

	AS AT 31.12.2005
<b>70. Provision for employee severance pay</b>	<b>45,482</b>
<b>80. Provisions for risks and charges</b>	
<i>a) provision for retirement payments and similar obligations</i>	482,598
<i>b) provision for tax and duties</i>	90,402
<i>c) other provisions</i>	490,587
	<b>1,063,587</b>
<b>Total</b>	<b>1,109,069</b>

€ '000

<b>7.3 BREAKDOWN OF SUB-ITEM 80 C) "PROVISIONS FOR RISKS AND CHARGES: OTHER PROVISIONS"</b>	
	AS AT 31.12.2005
<b>Provisions for losses on guarantees and commitments:</b>	
specific allowances	1,682
general allowances for "country risk"	1,325
other general allowances	-
	<b>3,007</b>
<b>Other provisions for risks and charges:</b>	
projected outlays for personnel-related disputes and charges	111,865
potential charges for affiliated companies	84,767
Legislative Decree 153/99 ("Ciampi Law")	244,713
Revocatory actions and legal proceedings awaiting settlement	31,562
Donation provision	1,343
Other	13,330
	<b>487,580</b>
<b>Total</b>	<b>490,587</b>

### BENEFITS PURSUANT TO SECTIONS 22-23 OF LEGISLATIVE DECREE 153/99

Please refer to the description of these benefits given in the Notes to the 2003 Accounts, with the following additional notes:

- A judgment of the Court of Justice of the European Communities dated 15 December 2005 confirmed that these benefits constitute State aid. Accordingly we have derecognised the €500,000 provision for risks and charges – other provisions, item 80 (c), and the related tax credit recognised in other assets, relating to the now absorbed former Banca dell' Umbria 1462 SpA.
- The other items relating to UniCredito Italiano SpA have however been maintained. UniCredit has applied to the Genoa Provincial Tax Commission to obtain a tax rebate and it is necessary to await the Commission's final decision before the benefits can be definitively considered lapsed.

## INTEREST CAPITALISATION

As anticipated in the notes to the 2004 accounts, in 2005 the number of new claims and legal actions was limited.

We have continued, as in the past, to make adequate provisions in respect of individual outstanding positions.

## PARMALAT BONDS

As was made public at the time, in August 2005 some Parmalat group companies in extraordinary administration sent to UniCredito Italiano Spa and other Group companies, as well as to two other intermediaries, a writ relating to a claim for the joint payment of about €4.4 billion damages arising from their "participation as co-lead manager" ("partecipazione in qualità di co-lead manager"), together with other intermediaries, in bond issues made between 1997 and 2001 and also because they held "a large number of current accounts with companies of the insolvent group" ("una fitta rete di rapporti bancari in conto corrente con le società del gruppo insolvente"). The first hearing will be on 22 May 2006.

Despite the complexity of the judgment, UniCredit Group believes, having also heard its counsel for their legal opinion, that it can prove that it acted correctly and was not aware – nor could it have been – that Parmalat was insolvent at the time of the issues or when the Debt Issuance Programme was signed and (subsequently) renewed, subject – however – and without prejudice to the joint liability of the other intermediaries (not party to the proceedings) which participated in the alleged wrongful transactions or in the placement of bonds under the Debt Issuance Programme as relevant dealers. At this time there is no basis for provisions to be made in respect of this position.

As part of its defence strategy UniCredit filed four appeals with the Lazio Regional Administrative Tribunal (TAR) for annulment of the court orders allowing four Luxembourg and Dutch Parmalat companies to join the (Italian) receivership proceedings (some of the plaintiff companies in the two cases mentioned above). These appeals are based on the opinion of the Advocate-General of the Court of Justice of the European Communities on a judgment issued in connection with Eurofood (an Irish company of the Parmalat Group that was also allowed to join the Italian receivership procedure), published at the end of last September, according to which for the purpose of identifying which insolvency law is applicable it can be assumed that the business interests of a foreign subsidiary, being an independent legal entity from its holding company, are centred in the foreign country where such subsidiary has its registered office.

€ '000

Breakdown of sub-item 80 b) "provisions for risks and charges: provision for tax and duties"			
	AS AT 31.12.2005		
	ADVANCE PAYMENTS	AMOUNTS OUTSTANDING	TOTAL
Income tax	-	5,000	5,000
Taxes of foreign branches	4,141	3,536	7,677
Deferred taxes	-	71,855	71,855
Other	3,560	2,310	5,870
<b>Total</b>	<b>7,701</b>	<b>82,701</b>	<b>90,402</b>

**DOMESTIC TAX CONSOLIDATION**

Legislative Decree 344/03, on the reform of corporation tax, introduced the principle of domestic consolidation of the income tax of groups of companies.

This treatment is optional and valid for three years. It is subject to several conditions being met (controlling relationship and same tax year) and provides economic and/or financial tax benefits, including:

- Immediate use of consolidated companies' tax losses by off-setting them against other consolidated companies' profits; as soon as the option is exercised and for the whole period of three years thereafter, total Group profit is calculated by the Parent Company as the arithmetical sum of Group Companies' profits and losses.
- Dividends distributed by consolidated companies are totally free of tax, as opposed to the normal treatment whereby they are tax free as to 95%.
- Interest paid on financing the acquisition of interests in consolidated companies is tax deductible, instead of being only partly deductible pro rata to total capital, which was introduced as part of corporation tax reform.
- Fiscally neutral transfers of positively valued assets or businesses are permitted between consolidated companies.

In respect of the 2005 tax year, the main economic advantages of tax consolidation for the Parent Company are as follows:

- allocation of €149 million of current tax credit, due to an off-settable tax loss on consolidation, which will also constitute a financial advantage when corporation tax for 2005 is paid in June 2006.
- A reduction by approximately €26.9 million of deferred taxation payable due to the tax-free status of a further 5% of consolidated companies' dividends received and accounted for on receipt, at the time of receipt. The financial advantage will actually accrue in June 2007 on payment of 2006 corporation tax.

However, pursuant to Legislative Decree 247/05 (the 'IRES corrective'), group taxation now requires that the subsidiary be jointly responsible with the parent in respect of any increased group tax as a consequence of adjustment to the taxable income of the subsidiary; this joint responsibility also covers delay interest, while any penalties are for the charge of the subsidiary.

As a result, the balancing payments and payments on account for company income tax (IRES) are the sole responsibility of the consolidating company in respect of Group IRES; tax paid on account for 2005 amounts to approximately €596.2 million, of which €220.6 million were paid and €375.6 million were offset against the positive balance from the previous consolidated tax return.

**TAX RELATED DISPUTE**

Certain assessment notices were issued to UniCredit in December 2004 as the entity that had absorbed Cassamarca, Cariverona Banca, Rolo Banca 1473 and Banca CRT. These were duly contested within the time limits, as reported in our 2004 Report and Account. We now report the following:

- a) In respect of the notices concerning the application and distribution of tax benefits under the 'Ciampi Law' – given the 15 December 2005 judgment of the Court of Justice of the European Communities, which confirmed that these benefits are State aid – we await action on the part of the Agenzia delle Entrate (Tax-collection Agency) to protect its interests.
- b) In respect of the notices concerning acquisition and sale of equity investments carried out with external counterparties by Cassamarca and Cariverona Banca, the appeal lodged by Cassamarca was accepted by the Treviso Provincial Tax Commission, which cancelled the assessment notice, while the appeal lodged in respect of Cariverona Banca has not yet been discussed.

With regard to the mentioned inspections relating to an alleged failure to account for moratorium interest, served on the bank as parent company of Rolo Banca 1473, we would point out that:

- The appeal lodged in respect of the 1999 tax year was accepted, as was the case for the 1997 and 1998 tax years. ;
- No provision has been made in respect of the 1996 tax year, since this appeal should also have a favourable outcome.

Four assessment notices were issued to UniCredit in December 2005, on its own account and as the entity that had absorbed Cassamarca, Rolo Banca 1473 and Banca CRT, in respect of VAT due on certain staff secondments; we believe these assessments to be unfounded and have accordingly promptly contested them without making any specific provision.

## CHANGES IN PROVISIONS

€ '000

	EMPLOYEE SEVERANCE PAY	PROVISION FOR RISKS AND CHARGES			
		PROVISION FOR RETIREMENT PAYMENTS AND SIMILAR OBLIGATIONS	PROVISION FOR TAX AND DUTIES	LOSSES ON GUARANTEES AND COMMITMENTS	PROVISIONS FOR OTHER PROVISIONS
<b>Opening balance</b>	<b>42.306</b>	<b>421.268</b>	<b>100.079</b>	<b>2.831</b>	<b>429.606</b>
<b>Changes in 2005:</b>					
Opening balance from mergers	+30,068	+61,059	+50,522	+371	+43,821
Transfers to Group Companies	-28,570	-	-	-371	-18,527
Use of provisions	-9,220	-41,258	-76,053	-	-86,282
Allocation to Profit and Loss Account	-	-	-5,943	-580	-4,871
Provisions for the year	+9,558	+32,226	+11,028	+528	+97,941 *
Extraordinary charges allocated to profit and loss account, for deferred tax for previous years	-	-	+950	-	-
Recognition of deferred tax (balancing Shareholders' Equity)	-	-	+9,375	-	-
Exchange differences	-	-	+444	+228	+11,745
Other changes	+1,340	+9,303	-	-	+14,147
<b>Closing balance</b>	<b>45,482</b>	<b>482,598</b>	<b>90,402</b>	<b>3,007</b>	<b>487,580</b>
* comprises: €61,640 recognised in P/L item 80 Personnel costs, €16,957 item 100 Provisions for risks and charges and €19,344 item 190 "Extraordinary charges".					

With regard to the Provision for risks and charges, please note the following:

### • Retirement funds and similar obligations:

The balance as at 31.12.2005 of €482,598 thousand is deemed adequate – based on specific actuarial studies carried out – to meet all commitments due to those enrolled.

The Annexes to the Accounts include tables giving details of the changes to each fund as well as tables showing the financial position of segregated funds pursuant to Section 2117 of the Italian Civil Code: the allocation to funds other than segregated funds is invested without distinction over all the assets, therefore it is not possible to furnish any kind of financial statement.

• **Provision for tax and duties:**

- Provisions include net changes in deferred taxes arising during the year of €1,909 thousand (€24,554 thousand increases and €22,645 decreases), provisions for the year for current tax of foreign subsidiaries of €1,903 thousand and other taxes of €7,216 thousand.
- The reallocation to the Profit and Loss Account relates to current tax of €4,072 thousand and to deferred tax of €1,871 thousand, while extraordinary expense of €950 thousand relates to deferred taxes.

• **Other provisions:**

- Uses for payments relate to payroll costs (€81,118 thousand), donations (€600 thousand), claims in respect of companies in liquidation and other litigation (€1,506 thousand), and other reasons (€3,058 thousand).
- Allocations relate to sundry payroll costs of €86,560 thousand (deferred costs of the bonus system of €61,640 thousand, termination bonuses of €19,344 thousand, litigation of €5,576 thousand); €11,381 thousand to cover projected litigation charges and other risks.

In order to implement the 2004/2007 Industrial Plan – *presented to UniCredit's Board of Directors on 26 October 2004 and under the mandate given by the Board to the CEO by its resolution dated 16 December 2004 to start any necessary action in this regard* - on 11 February 2005 an agreement was reached with the Group's Union representatives concerning management of staff surpluses arising from the Plan, in line with the procedures described in the Notes to the 2004 Accounts.

Following the business combination with the HVB Group, a subsequent analysis of the organisational processes within the Italian subsidiaries indicated that there were staff surplus to requirements. The Group Union representatives were informed of these new circumstances on 26 July 2005.

On 18 November 2005 UniCredit's Board of Directors approved an agenda headed "Measures concerning staff numbers following integration with the HVB Group", which included illustration of a plan for the management of redundancies.

As a result of this resolution and in the context of the regular assessments provided under the agreement reached on 11 February 2005, in late 2005 a specific discussion phase was initiated with the Group's Union representatives, which will acknowledge that the reference timescale for the new Integration Plan with HVB will end on 31 December 2008, it being understood that new staff reductions will be managed in line with the procedures defined in the mentioned 2004-2007 Industrial Plan.

The total cost to UniCredit of these measures is estimated at €19 million and recognised as a single amount in the Profit and Loss Account under the item "Extraordinary Charges", with a balancing entry under "Provision for risk and charges – other provisions".

These redundancies are expected for the period 2006-2008 and will involve all staff categories, particularly Managers.

The cost was calculated on the basis of the assumptions that staff with pension rights will freely choose to retire and special incentives will encourage them to do so; that staff with entitlement will voluntarily take advantage of the benefits provided exceptionally by the Solidarity Fund for the Banking Sector; and that foreign branch employees will receive leaving incentives.



On 12 April 2005 the Board of Directors resolved to indemnify company representatives appointed by UniCredit as Directors or Statutory Auditors of Group companies for fines imposed on them by regulatory bodies, subject to prior ascertainment that the prejudice suffered by them was not due to fraud or serious negligence on their part. An appropriate provision has been allocated in the maximum amount which the Company may have to refund for events that occur following regulators' investigations.

#### DEFERRED TAX

In application of the principle requiring the reporting of deferred taxes, the balance sheet liability method was used.

The reporting principle followed for **deferred tax assets** is in line with that used in 2004 and adopted by most companies.

**Deferred taxes** were recorded to the extent they were considered likely to be incurred.

There was no reporting of IRAP (the regional tax on production) effects, since for purposes of this tax a loss is expected.

€ '000

Deferred tax assets		
	IRES (CORPORATE TAX)	
	TAXABLE AMOUNT	DEFERRED TAX
<b>Writedowns of loans:</b>		
- to customers	60,626	20,007
- to banks	201	66
<b>Writedowns of:</b>		
- equity investments deductible over five years	96,690	31,908
- investment securities resulting from restructured credit facilities	718	237
- investment securities resulting from securitisation transactions	42,023	13,867
- shares in closed-end funds held for investment	4,000	1,320
- stocks not held for investment	128	42
<b>Provisions for risks and charges:</b>		
- retirement	98,070	32,363
- guarantees and commitments	2,863	945
- personnel-related disputes	52,279	17,252
- writedowns of "Other assets"	1,305	431
- other	25,170	8,306
<b>Other:</b>		
Entertainment expense	2,398	791
Maintenance expense	299	99
INVIM (tax on increases in property value)	2	1
Payroll	53,010	17,493
Compensation paid to Directors	93	31
Goodwill	1,056	348
<b>Total</b>	<b>440,931</b>	<b>145,507</b>

€ '000

Deferred taxes				
	IRES (CORPORATE TAX) THROUGH PROFIT OR LOSS		IRES (CORPORATE TAX) THROUGH EQUITY	
	TAXABLE AMOUNT	TAX	TAXABLE AMOUNT	TAX
Capital gains from the disposal of:				
- tangible assets in use in the business	13,720	4,527	-	-
- tangible assets not in use in the business	2,343	773	-	-
- financial investments	20,529	6,774	-	-
Dividends (from Companies which are not fiscally consolidated) recognised on an accrual basis	23,360	7,709	-	-
Executive provision for loan losses	122,075	40,285	-	-
Value of off-balance-sheet transactions	4,042	1,334	-	-
Write-backs of units in investment funds	484	160	-	-
Equity investments with carrying value exceeding tax value	2,782	918	28,408	9,375
<b>Total</b>	<b>189,335</b>	<b>62,480</b>	<b>28,408</b>	<b>9,375</b>

It should be noted that deferred tax was calculated on the basis of the current applicable IRES (corporate tax) rate of 33%.

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<b>7.4 CHANGES IN "DEFERRED TAX ASSETS" DURING THE YEAR</b> (included in item 130 Other assets)	
<b>1. Opening balance</b>	<b>164,401</b>
<b>2. Increases</b>	<b>59,868</b>
2.1 Deferred tax assets arising during the year	44,041
2.2 Other increases*	15,827
<b>3. Reductions</b>	<b>78,762</b>
3.1 Deferred tax assets derecognised during the year	72,016
3.2 Other reductions **	6,746
<b>4. Closing balance ***</b>	<b>145,507</b>
* of which: opening balance from mergers	15,438
** of which: transfers to Group companies	5,680
*** of which: for deferred tax assets resulting from tax losses carried forward	-

Deferred tax assets allocated directly to the Shareholders' equity items were not reported.

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<b>7.5 CHANGES IN "DEFERRED TAX LIABILITIES" DURING THE YEAR</b> (included in sub-item 80 b) "provision for tax and duties")		
	BALANCING	
	PROFIT OR LOSS	SHAREHOLDERS' EQUITY
<b>1. Opening balance</b>	<b>57,998</b>	<b>371</b>
<b>2. Increases</b>	<b>30,701</b>	<b>9,375</b>
2.1 Deferred tax liabilities arising during the year	24,554	-
2.2 Other increases *	6,147	9,375
<b>3. Reductions</b>	<b>26,219</b>	<b>371</b>
3.1 Deferred tax liabilities derecognised during the year	22,274	371
3.2 Other reductions	3,945	-
<b>4. Closing balance</b>	<b>62,480</b>	<b>9,375</b>
* of which: opening balance from mergers	4,266	-

## Section 8 - Capital, Reserves and Subordinated Debt

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	AS AT 31.12.2005
<b>ASSETS</b>	
120. Own shares or interests	358,416
<b>LIABILITIES</b>	
110. Subordinated debt	7,739,731
<b>Shareholders' equity:</b>	
120. Capital	5,195,277
130. Issue premium reserve	16,816,170
140. Reserves	5,351,279
150. Revaluation reserves	277,020
170. Net profit for the year	2,256,686
<b>Total shareholders' equity</b>	<b>29,896,432</b>

€ '000

<b>Item 120 (assets) "own shares or interests"</b>	
	AS AT 31.12.2005
87,000,000 ordinary shares (par value of €0.50 each) (face value €43,500 thousand)	358,416
<b>Total</b>	<b>358,416</b>

Own shares purchased in the market in the second half of 2004 following the AGM resolution taken on 4 May 2004 were unchanged as against end-2004, there having been no purchases or sales in 2005.

In this regard, on 16 December 2005 the Ordinary Shareholders' Meeting resolved to authorize sale of treasury shares held by the bank, as the reasons behind the share buy-back programme were no longer relevant following the business combination with the HVB Group.

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Item 120 "capital"	
	AS AT 31.12.2005
10,368,848,154 ordinary shares (par value €0.50 each)	5,184,424
21,706,552 savings shares (par value € 0.50 each)	10,853
<b>Total</b>	<b>5,195,277</b>

During 2005 the equity capital which as at 31 December 2004 was made up of 6,315,002,731 ordinary shares and 21,706,552 savings shares, both of par value of € 0.50, changed as a result of the issuance of:

- 3,525,544,730 ordinary shares, to be exchanged for Bayerische Hypo- und Vereinsbank AG ("HVB") shares;
- 509,929,948 ordinary shares, to be exchanged for Bank Austria Creditanstalt AG ("BA-CA") shares;
- 18,325,766 ordinary shares, charged to the provision associated with the medium-term incentive plan for Group staff established for this purpose;
- 44,979 ordinary shares, following absorption of Banca dell'Umbria 1462 Spa and Cassa Risparmio Carpi Spa.

As a result, capital increased from €3,168,355 thousand at the end of 2004 to €5,195,277 thousand at the end of 2005, and is made up of 10,368,848,154 ordinary shares with a par value of 0.50 each, and 21,706,552 savings shares with a par value of €0.50 each.

€ '000

Item 130 "issue premium reserve"	
	AS AT 31.12.2005
Ordinary share issue premium reserve	16,794,000
Savings share issue premium reserve	22,170
<b>Total</b>	<b>16,816,170</b>

The issue premium reserve increased by €14,507,531 thousand in connection with the mentioned capital increases under the tender offers to purchase shares in HVB (as to €12,674,333 thousand) and BA-CA (€1.833.198 thousand).

€ '000

Item 140 "reserves"	
	AS AT 31.12.2005
<b>Legal reserve</b>	<b>633,805</b>
<b>Reserve for treasury shares or interests</b>	<b>358,416</b>
<b>Statutory Reserves</b>	<b>2,048,905</b>
<b>Other reserves:</b>	
reserve pursuant to art. 55 Pres. Decree 597/73	60
reserve pursuant to Law no. 516/82	1,624
transfer of reserve, Law 218/90	262,343
reserve pursuant to Art. 7(3) of Law no. 218/90	214,747
reserve pursuant to Art. 19 of Legislative Decree 87/92	16
reserve under Legislative Decree 124/93	733
reserve under Legislative Decree 153/99	662,123
share exchange reserve for former Fonspa shares	53,879
reserve re Fonspa spin-off difference	4,972
reserve re S3 reorganisation share exchange surplus	408,889
reserve re OnBanca share exchange surplus	48,383
reserve re Banca dell'Umbria share exchange surplus	55
reserve re Cassa Risparmio Carpi share exchange surplus	4
reserve connected with the incentive system for Group staff	10,741
reserve re acquisition of treasury shares	641,584
	<b>2,310,153</b>
<b>Total</b>	<b>5,351,279</b>

€ '000

Item 150 "Revaluation reserves"	
	AS AT 31.12.2005
Monetary equalisation reserve pursuant to Law 576/75	4,087
Monetary revaluation reserve, Law 72/83	84,658
Asset revaluation reserve pursuant to Law 408/90	28,965
Property revaluation reserve, Law 413/91	159,310
<b>Total</b>	<b>277,020</b>

## Statement of changes in shareholders' equity items

	CAPITAL	ISSUE PREMIUM	LEGAL RESERVE	RESERVE FOR TREASURY SHARES OR INTERESTS	STATUTORY RESERVE	OTHER RESERVES	REVALUATION RESERVES	NET PROFIT FOR THE YEAR	TOTAL
Balances as at 31.12.2004	3,168,355	2,308,639	631,634	358,416	1,593,411	2,317,632	277,020	1,750,457	12,405,564
<b>Changes in 2005:</b>									
Capital increase associated with the distribution of "Performance shares" to Group Companies' Top Management charged to the specific reserve	671	-	-	-	-	-671	-	-	-
Appropriation of profit approved at the Shareholders' Meeting held on 2 May 2005:	-	-	2,171	-	455,494	11,000	-	-468,665	-
- allocation to reserve	-	-	-	-	-	-	-	-	-
- to Shareholders 41.00% of profit in respect of € 3,114,672,105.50 ordinary shares (equal to € 0.205 each)	-	-	-	-	-	-	-	-1,277,016	-1,277,016
- to Shareholders 44.00% of profit in respect of € 10,853,276 savings shares (equal to € 0.220 each)	-	-	-	-	-	-	-	-4,776	-4,776
Change resulting from absorption of Banca dell'Umbria 1462 S.p.a. e di Cassa di Risparmio di Carpi S.p.a.									
- capital increase	22	-	-	-	-	-	-	-	22
- share exchange surplus	-	-	-	-	-	59	-	-	59
Capital increase associated with the medium-term incentive plan for Group staff charged to the specific reserve	8,492	-	-	-	-	-8,492	-	-	-
Capital increase against transfer of Bayerische Hypo- und Vereinsbank AG ("HVB") shares	1,762,772	12,674,333	-	-	-	-	-	-	14,437,105
Capital increase against transfer of Bank of Austria Creditanstalt AG ("BA-CA") shares	254,965	1,833,198	-	-	-	-	-	-	2,088,163
Change in transfer of reserve Law 218/90 for recognition of deferred tx connected to equity investment	-	-	-	-	-	-9,375	-	-	-9,375
Net profit for the year	-	-	-	-	-	-	-	2,256,686	2,256,686
Balances as at 31.12.2005	5,195,277	16,816,170	633,805	358,416	2,048,905	2,310,153	277,020	2,256,686	29,896,432

(€ million)

Breakdown of shareholders' equity (with indication of availability for distribution)					
	AMOUNT	PERMITTED USES *	AVAILABLE PORTION	SUMMARY OF USE IN THE THREE PREVIOUS FISCAL YEARS	
				TO COVER LOSSES	OTHER REASONS
<b>Capital</b>	5,195.3	-	-		
<b>Issue Premium</b>	16,816.2	A, B, C	16,816.2		1,000.0 4
<b>Legal Reserve</b>	633.8	B 1	633.8		
<b>Reserve for treasury shares or interests</b>	358.4	-	-		
<b>Statutory Reserves</b>	2,048.9	A, B, C	2,048.9		
<b>Other Reserves:</b>					
Reserves arising out of share swaps	511.2	A, B, C 2	511.2		
Reserves arising out of transfer of assets	477.1	A, B, C 2	477.1		
Reserves arising out of split-offs	5.0	A, B, C 2	5.0		
Reserves prescribed by Leg. Decree 153/99	662.1	A, B, C	662.1		
Reserves related to the medium-term bonus programme for Group staff	10.7	A	10.7		
Reserve for the purchase of own shares	641.6	- 3	-		29.7 5
Others	2.4	A, B, C	2.4		358.4 6
<b>Revaluation Reserves:</b>					
Monetary equalisation reserve under Law 576/75	4.1	A, B, C 2	4.1		
Monetary revaluation reserve under Law 72/83	84.7	A, B, C 2	84.7		
Asset revaluation reserve under Law 408/90	29.0	A, B, C 2	29.0		
Property revaluation reserve under Law 413/91	159.3	A, B, C 2	159.3		
<b>Total</b>	<b>27,639.8</b>		<b>21,444.5</b>		
<b>Portion not allowed in distribution **</b>			<b>1,049.8</b>		
<b>Remaining portion available for distribution</b>			<b>20,394.7</b>		

\* A: for capital increase. B: to cover losses. C: distribution to shareholders.

\*\* Includes € 405.3 million to be allocated to the legal reserve in order to reach one-fifth of company capital, pursuant to the procedures provided in the Articles of Association.

1. Available, to cover losses, only after use of other Reserves

2. If this Reserve is used to cover losses, profits may not be distributed until this Reserve has been replenished or reduced by an equivalent amount.

The reduction must be approved by the Extraordinary General Meeting disregarding sections 2 and 3 of Article 2445 of the Civil Code.

This Reserve, if it is not included in capital resources, may only be reduced in accordance with sections 2 and 3 of Article 2445 of the Civil Code.

3. This Reserve is unavailable since the authorisation to buy back Company shares resolved by the AGM held on 4 May 2004 stipulated a maximum amount of €1,000 million.

4. In order to create the Reserve for the purchase of treasury shares, as resolved by the AGM held on 4 May 2004.

5. For a capital increase.

6. This Reserve was created in 2004 in the amount of €1,000 million of which €358.4 was transferred to the Reserve for own shares and interests on purchase of the shares.



# ITEM 110 "SUBORDINATED DEBT"

## a) Amount, currency, interest rate, maturity date and euro equivalent

€ '000

	MATURITY	CURRENCY	INTEREST RATE	PREPAYMENT CLAUSE	FACE VALUE	€ '000 EQUIVALENT AS AT 31.12.2005	OF WHICH: RISK-WEIGHTED AMOUNT FOR REGULATORY PURPOSES
<b>Subordinated loans</b>							
1	19.12.2007	LIRE	6 month Libor	CALL 19.12.02	LIT. 92,000,000,000	47,514	47,514
2	29.10.2010	EURO	5.20% for year 1 5.30% for year 2 5.40% for year 3 5.50% for year 4 5.60% for year 5 5.70% for year 6 6.25% for year 7 6.80% for year 8 7.35% for year 9 7.90% for year 10		€747,000,000	747,000	747,000
3	13.12.2010	EURO	gross annual rate of 2.75% of face value for 10 years. At maturity a "higher yield" may be paid in proportion to any rise in the EuroSTOXX50 index calculated on the basis of the formula set out in the contract terms, adjusted as necessary under a "Take Profit" clause		€261,000,000	261,000	261,000
4	16.03.2011	EURO	3-month Euribor +75 basis points p.a. for years 1-5 +135 basis points p.a. for years 6-10	CALL 16.03.06	€500,000,000	500,000	499,428
5	16.03.2011	EURO	6% p.a.		€500,000,000	500,000	498,045
6	27.11.2011	EURO	5% p.a. act/act for years 1-5 3-month Euribor +130 basis points for years 6-10	CALL 27.11.06	€400,000,000	400,000	399,591
7	27.11.2011	EURO	3-month Euribor +70 basis points p.a. for years 1-5 +130 basis points p.a. for years 6-10	CALL 27.11.06	€400,000,000	400,000	399,461
8	23.07.2014	EURO	3-month Euribor +25 basis points p.a. for years 1-5 +85 basis points p.a. for years 6-10	CALL 23.07.09	€500,000,000	500,000	498,981
9	22.09.2019	EURO	4.5% p.a. act/act for years 1-10 3-month Euribor +95 basis points p.a. for years 11-15	CALL 22.09.14	€500,000,000	500,000	498,806
10	15.06.2015	EURO	3-month Euribor +25 basis points p.a. for years 1-5 +85 basis points p.a. for years 6-10	CALL 15.06.10	€500,000,000	500,000	499,324
						<b>4,355,514</b>	<b>4,349,150</b>

Item 110 "subordinated debt" - continued

## a) Amount, currency, interest rate, maturity date and euro equivalent

€ '000

						€ '000 EQUIVALENT AS AT 31.12.2005	OF WHICH: RISK-WEIGHTED AMOUNT FOR REGULATORY PURPOSES
MATURITY		CURRENCY	INTEREST RATE	PREPAYMENT CLAUSE	FACE VALUE		
Hybrid capital instruments:							
11	31.03.2010	EURO	6-month Euribor + 0.20% p.a.		€775,000,000	775,000	775,000
12	28.02.2012	EURO	6.10%		€500,000,000	500,000	499,661
						1,275,000	1,274,661
Innovative capital instruments:							
13	5.10 Perpetual	USD	9.20% p.a. for the first 10 years - subsequently 3-month Euribor + 335 bp	CALL 05.10.10	\$450,000,000	381,453	381,359
14	5.10 Perpetual	EURO	8.048% p.a. act/act for the first 10 years - subsequently 3-month Euribor + 325 bp	CALL 05.10.10	€540,000,000	540,000	540,000
15	27.10 Perpetual	EURO	4.028% p.a. for the first 10 years - subsequently 3 - month Euribor + 176 bp	CALL 27.10.15	€750,000,000	750,000	750,000
16	27.10 Perpetual	GBP	5.396% p.a. for the first 10 years - subsequently 3-month Sterling Libor + 176 bp	CALL 27.10.15	£300,000,000	437,764	437,764
						2,109,217	2,109,123
Total item 110						7,739,731	7,732,934

## b) Prepayment

The prepayment option is available for all bonds issued by the Parent Company listed above, should any of them become burdensome for tax reasons, subject to the prior consent of Banca d'Italia.

No. 1: redemption will occur in five equal instalments due over the last five years of the debt. Prepayment is allowed after the first five years from the issuance date, but only at the initiative of the issuer, and subject to Banca d'Italia approval.

In each of 2003, 2004 and 2005 one-fifth of the face value of each bond in issue was redeemed.

No. 2: redemption of bonds will be at par, in five equal annual instalments, payable starting on 31.10.06, producing a one-fifth reduction of the face value of each security in issue.

Nos. 3 and 5: the bond will be redeemed in full at maturity.

Nos. 4, 6, 7, 8 and 10: the issuer has the option to redeem the debt in full starting from the end of year 5 and on each subsequent coupon payment date. Nos. 9, 15 and 16: the same option exists from the end of year 10 and on each subsequent coupon payment date.

Nos. 11 and 12: the bond will be redeemed in full at maturity.

Nos. 13 and 14: the issuer has the right to redeem the subordinated notes at any time subject to Banca d'Italia authorisation and, in addition, it may, at any time, and subject to certain conditions, substitute another foreign branch for the New York branch as obligor.

**c) Subordination conditions**

For all transactions, the rights of subordinated creditors are subordinate to the rights of ordinary creditors, in the event of liquidation.

For hybrid capital instruments, the payment of interest may be suspended or limited in the event of poor operating performance.

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<b>8.1 REGULATORY CAPITAL AND PRUDENTIAL REQUIREMENTS</b>	
	<b>AS AT 31.12.2005</b>
<b>A. Capital for regulatory purposes</b>	
A.1 Tier 1 capital	29,082,614
A.2 Tier 2 capital	5,893,230
A.3 Items to be deducted	437,097
A.4 Capital for regulatory purposes	34,538,747
<b>B. Prudential regulatory requirements</b>	
B.1 Credit risks	5,305,322
B.2 Market risks	59,565
<i>of which:</i>	
- trading portfolio risks	59,565
- exchange risks	-
B.3 Tier 3 subordinated bonds	-
B.4 Other prudential requirements	3,156
B.5 Total prudential requirements	5,368,043
<b>C. Risk assets and regulatory ratios</b>	
C.1 Risk-weighted assets*	76,763,015
C.2 Tier 1 capital/Risk-weighted assets	37.89%
C.3 Capital for regulatory purposes/Risk-weighted assets	44.99%

\* Total prudential requirements multiplied by the reciprocal of the minimum mandatory credit risk ratio.

## Section 9 - Other Liability Items

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OTHER LIABILITY ITEMS	AS AT 31.12.2005
<b>50. Other liabilities</b>	<b>3,622,894</b>
<b>60. Accrued liabilities and deferred income</b>	<b>1,454,078</b>
<b>Total</b>	<b>5,076,972</b>

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<b>9.1 "OTHER LIABILITIES"</b>	
	AS AT 31.12.2005
<b>Caution monies:</b>	
- in favour of third parties	481,102
	<b>481,102</b>
<b>Miscellaneous tax entries for amounts to be paid to tax authorities on behalf of third parties</b>	<b>18,746</b>
<b>Items in transit between branches not yet attributed to destination accounts</b>	<b>3,373</b>
<b>Available amounts to be paid to third parties</b>	<b>51,315</b>
<i>of which: back dividends to be paid to shareholders</i>	1,966
<b>Items in processing</b>	<b>243,390</b>
<b>Entries resulting from the valuation of off-balance-sheet transactions</b>	
- customers	54,676
- banks	562,548
	<b>617,224</b>
<b>Entries related to securities transactions</b>	<b>325,792</b>
<b>Payables for miscellaneous entries related to the tax collection service</b>	<b>7,185</b>
<b>Items judged definitive but not attributable to other items:</b>	
- payroll costs	13,677
- accounts payable - suppliers	86,783
- provisions for tax withholding on accrued interest, coupons or dividends	104
- other entries	1,668,431
<i>of which: Group VAT debt to subsidiaries</i>	574,924
<i>of which: debt to Group companies - IRES advance payments paid for tax consolidation</i>	780,486
	<b>1,768,995</b>
<b>Option premiums collected</b>	<b>76,256</b>
<b>Adjustments for illiquid portfolio items *</b>	-
<b>Bank transfers subject to electronic clearing</b>	<b>27,042</b>
<b>Other items</b>	<b>2,474</b>
<b>Total</b>	<b>3,622,894</b>

\* The set-off relating to collection of debts owed to third parties is illustrated in Section 12.4.

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9.2 ITEM 60 "ACCRUED LIABILITIES AND DEFERRED INCOME"	
	AS AT 31.12.2005
<b>Accrued liabilities</b>	
for accrued interest on bank accounts	116,509
for accrued interest on customer accounts	14,582
for accrued interest on securities in issue	448,379
for accrued interest on subordinated debt	102,580
for differentials on derivative contracts	299,666
<b>Total accrued liabilities</b>	<b>981,716</b>
<b>Deferred income</b>	
from discounted bills	2,576
from off-balance-sheet transactions	462,200
from securities in issue	6,166
from miscellaneous fees and commissions and other transactions	1,420
<b>Total deferred income</b>	<b>472,362</b>
<b>Total accrued liabilities and deferred income</b>	<b>1,454,078</b>

Accrued liabilities and deferred income are reported on the basis of the accrual principle and in accordance with the provisions of Article 2424 bis of the Italian Civil Code.

### 9.3 ADJUSTMENTS FOR ACCRUED LIABILITIES AND DEFERRED INCOME

No adjustments were made to asset or liabilities accounts as result of changes in accrued liabilities and deferred income.

## Section 10 - Guarantees and Commitments

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	AS AT 31.12.2005
<b>10. Guarantees given</b>	<b>26,521,032</b>
<b>20. Commitments</b>	<b>8,685,526</b>
<b>Total</b>	<b>35,206,558</b>

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**10.1 ITEM 10 "GUARANTEES GIVEN"**

	AS AT 31.12.2005
<b>a) commercial guarantees</b>	<b>2,048,098</b>
<b>b) financial guarantees</b>	<b>24,472,934</b>
<b>c) assets pledged</b>	-
<b>Total</b>	<b>26,521,032</b>
<i>of which: - acceptances</i>	1,622
<i>- payment commitments</i>	140,726
<i>- guarantees</i>	25,077,889
<i>- documentary letters of credit</i>	1,108,741
<i>- other guarantees</i>	192,054

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**10.2 ITEM 20 "COMMITMENTS"**

	AS AT 31.12.2005
<b>a) commitments to disburse funds, usage certain</b>	<b>3,590,747</b>
<i>of which: - deposits and loans to be disbursed</i>	2,999,783
<i>- securities to be received for transactions to be settled</i>	493,830
<i>- credit derivatives - sale of protection</i>	1,343
<i>- other commitments to disburse funds</i>	95,791
<b>b) commitments to disburse funds, usage uncertain</b>	<b>5,094,779</b>
<i>of which: - amounts available under irrevocable lines of credit</i>	4,861,164
<i>- commitment to Interbank Deposit Protection Fund</i>	5,606
<i>- other commitments to disburse funds</i>	228,009
<b>Total</b>	<b>8,685,526</b>

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**10.3 ASSETS USED TO SECURE THE COMPANY'S DEBTS**

	AS AT 31.12.2005	
	FACE VALUE	CARRYING VALUE
<b>Investment and trading securities:</b>		
to secure reverse Repos	3,252,312	3,262,649
reserve requirements to support foreign branches	158,798	158,767
	<b>3,411,110</b>	<b>3,421,416</b>
<b>Other transactions:</b>		
assets deposited with the Federal Reserve (discount window)	161,058	161,058
	<b>161,058</b>	<b>161,058</b>
<b>Total</b>	<b>3,572,168</b>	<b>3,582,474</b>

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**10.4 UNUSED PORTIONS OF CREDIT LINES**

	AS AT 31.12.2005
<b>a) central banks</b>	<b>1,008,846</b>
<b>b) other banks</b>	-
<b>Total</b>	<b>1,008,846</b>

At the end of the period, UniCredito Italiano S.p.A. had the following forward transactions pending for its own account (those related to trading on behalf of customers are indicated in section 12 below).

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10.5 FORWARD TRANSACTIONS				
TRANSACTION TYPE	AS AT 31.12.2005			
	HEDGING	TRADING	OTHER TRANSACTIONS	TOTAL
<b>1. Trades</b>	<b>37,322,547</b>	<b>2,343,071</b>	<b>154,497</b>	<b>39,820,115</b>
1.1 Securities	-	493,830	154,497	648,327
- purchases	-	493,830	-	493,830
- sales	-	-	154,497	154,497
1.2 Currencies	37,322,547	1,849,241	-	39,171,788
- currencies against currencies	1,692,527	-	-	1,692,527
- purchases against euro	32,905,552	924,703	-	33,830,255
- sales against euro	2,724,468	924,538	-	3,649,006
<b>2. Deposits and loans</b>	<b>-</b>	<b>-</b>	<b>5,035,411</b>	<b>5,035,411</b>
- to be disbursed	-	-	2,999,783	2,999,783
- to be received	-	-	2,035,628	2,035,628
<b>Total</b>	<b>37,322,547</b>	<b>2,343,071</b>	<b>5,189,908</b>	<b>44,855,526</b>

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10.6 CREDIT-RELATED DERIVATIVES		
TRANSACTION TYPE	AS AT 31.12.2005	
	TRADING	OTHER TRANSACTIONS
<b>1. Purchase of cover</b>	<b>-</b>	<b>17,449</b>
1.1 With exchange of assets*	-	16,106
- Credit Default Swap	-	16,106
1.2 Without exchange of assets	-	1,343
- Credit Default Swap	-	-
- Credit-Linked Note**	-	1,343
<b>2. Sale of cover</b>	<b>-</b>	<b>1,343</b>
2.1 With exchange of assets*	-	-
- Credit Default Swap	-	-
2.2 Without exchange of assets	-	1,343
- Credit Default Swap	-	1,343

\* Credit derivatives requiring the delivery of the "reference obligation" ("physical delivery")

\*\* Amount of "implicit derivatives"

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**10.7 BREAKDOWN OF FINANCIAL DERIVATIVES BY CATEGORY (NOTIONAL VALUES)**

TRANSACTION / UNDERLYING ASSET CATEGORY	AS AT 31.12.2005					
	DEBT SECURITIES AND INTEREST RATES			EQUITY SECURITIES AND STOCK INDICES		
	TRADING	HEDGING	OTHER TRANSACTIONS	TRADING	HEDGING	OTHER TRANSACTIONS
1. Forward rate agreement	-	5,595,000	-	-	-	-
2. Interest rate swap	18,776,114	44,209,501	-	-	-	-
3. Domestic currency swap	-	-	-	-	-	-
4. Currency interest rate swap	-	-	-	-	-	-
5. Basis swap	4,702,260	1,552,997	-	-	-	-
6. Exchange of stock indices	-	-	-	-	-	-
7. Exchange of commodity indices	-	-	-	-	-	-
8. Futures	1,622,900	-	-	-	-	-
9. Cap Options						
- purchased	236,770	-	-	-	-	-
- issued	307,332	-	-	-	-	-
10. Floor Options						
- purchased	-	-	-	-	-	-
- issued	-	-	-	-	-	-
11. Other options						
- purchased	326,700	-	-	1,087,901	3,791,173	-
- plain vanilla	326,700	-	-	1,087,901	3,791,173	-
- exotic	-	-	-	-	-	-
- issued	352,523	371,598	-	1,087,781	1,292,667	2,915,165
- plain vanilla	352,523	371,598	-	1,087,781	1,292,667	2,915,165
- exotic	-	-	-	-	-	-
12. Other derivatives	-	-	-	-	-	-



## 10.7 Breakdown of financial derivatives by category (notional values) continued

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TRANSACTION / UNDERLYING ASSET CATEGORY	AS AT 31.12.2005					
	CURRENCY AND GOLD			OTHER VALUES		
	TRADING	HEDGING	OTHER TRANSACTIONS	TRADING	HEDGING	OTHER TRANSACTIONS
1. Forward rate agreement	-	-	-	-	-	-
2. Interest rate swap	-	-	-	-	-	-
3. Domestic currency swap	-	-	-	-	-	-
4. Currency interest rate swap	-	9,037,365	-	-	-	-
5. Basis swap	-	-	-	-	-	-
6. Exchange of stock indices	-	-	-	-	-	-
7. Exchange of commodity indices	-	-	-	-	-	-
8. Futures	-	-	-	-	-	-
9. Cap Options						
- purchased	-	-	-	-	-	-
- issued	-	-	-	-	-	-
10. Floor Options						
- purchased	-	-	-	-	-	-
- issued	-	-	-	-	-	-
11. Other options						
- purchased	-	42,349	-	-	-	-
- plain vanilla	-	42,349	-	-	-	-
- exotic	-	-	-	-	-	-
- issued	-	-	42,349	-	-	-
- plain vanilla	-	-	42,349	-	-	-
- exotic	-	-	-	-	-	-
12. Other derivatives	-	-	-	-	-	-

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**10.8 FINANCIAL DERIVATIVES: PURCHASE AND SALE OF UNDERLYING ASSETS (NOTIONAL VALUES)**

TRANSACTION/UNDERLYING ASSET CATEGORY	AS AT 31.12.2005					
	DEBT SECURITIES AND INTEREST RATES			EQUITY SECURITIES AND STOCK INDICES		
	TRADING	HEDGING	OTHER TRANSACTIONS	TRADING	HEDGING	OTHER TRANSACTIONS
1. With exchange of principal						
- purchases	119,000	-	-	-	-	-
- sales	47,900	-	-	-	869,299	-
- currencies against currencies	-	-	-	-	-	-
2. Without exchange of principal						
- purchases	11,431,375	35,225,760	-	1,087,901	2,158,585	226,107
- sales	10,024,064	14,950,339	-	1,087,781	2,055,956	2,689,058
- currencies against currencies	-	-	-	-	-	-

(10.8 Financial derivatives: purchase and sale of underlying assets (notional values)) continued

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TRANSACTION/UNDERLYING ASSET CATEGORY	AS AT 31.12.2005					
	CURRENCY AND GOLD			OTHER VALUES		
	TRADING	HEDGING	OTHER TRANSACTIONS	TRADING	HEDGING	OTHER TRANSACTIONS
1. With exchange of principal						
- purchases	-	8,574,345	-	-	-	-
- sales	-	463,020	-	-	-	-
- currencies against currencies	-	-	-	-	-	-
2. Without exchange of principal						
- purchases	-	7,387	34,962	-	-	-
- sales	-	34,962	7,387	-	-	-
- currencies against currencies	-	-	-	-	-	-

**10.9 OVER-THE-COUNTER FINANCIAL DERIVATIVES: POSITIVE FAIR VALUE - COUNTERPARTY RISK**

AS AT 31.12.2005	DEBT SECURITIES AND INTEREST RATES			EQUITY SECURITIES AND STOCK INDICES			EXCHANGE RATES AND GOLD		
COUNTERPARTIES/UNDERLYING ASSETS	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE
<b>A. TRADING TRANSACTIONS</b>									
A.1 Governments and Central Banks	19,369	19,369	15,000	-	-	-	-	-	-
A.2 Public Entities	-	-	-	-	-	-	-	-	-
A.3 Banks	345,049	345,049	73,698	136,548	136,548	85,137	-	-	-
A.4 Financial Companies	-	-	-	-	-	-	-	-	-
A.5 Insurance Companies	-	-	-	-	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-
A.7 Other	74,375	74,375	17,265	794	794	274	-	-	-
<b>B. HEDGING TRANSACTIONS</b>									
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-
B.2 Public Entities	-	-	-	-	-	-	-	-	-
B.3 Banks	735,059	735,059	104,342	249,762	249,762	245,135	397,107	397,107	151,969
B.4 Financial Companies	-	-	-	-	-	-	-	-	-
B.5 Insurance Companies	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-
B.7 Other	-	-	-	582,030	582,030	56,752	3,434	3,434	3,716
<b>C. OTHER TRANSACTIONS</b>									
C.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-
C.2 Public Entities	-	-	-	-	-	-	-	-	-
C.3 Banks	-	-	-	-	-	-	-	-	-
C.4 Financial Companies	-	-	-	-	-	-	-	-	-
C.5 Insurance Companies	-	-	-	-	-	-	-	-	-
C.6 Non-financial companies	-	-	-	-	-	-	-	-	-
C.7 Other	-	-	-	-	-	-	-	-	-

(10.9 Over-the-counter financial derivatives: positive fair value - Counterparty risk) continued

AS AT 31.12.2005	OTHER ASSETS			DIFFERENT UNDERLYING ASSETS	
COUNTERPARTIES/UNDERLYING ASSETS	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE	GROSS NETTED	FUTURE EXPOSURE
<b>A. TRADING TRANSACTIONS</b>					
A.1 Governments and Central Banks	-	-	-	-	-
A.2 Public Entities	-	-	-	-	-
A.3 Banks	-	-	-	-	-
A.4 Financial Companies	-	-	-	-	-
A.5 Insurance Companies	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-
A.7 Other	-	-	-	-	-
<b>B. HEDGING TRANSACTIONS</b>					
B.1 Governments and Central Banks	-	-	-	-	-
B.2 Public Entities	-	-	-	-	-
B.3 Banks	-	-	-	-	-
B.4 Financial Companies	-	-	-	-	-
B.5 Insurance Companies	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-
B.7 Other	-	-	-	-	-
<b>C. OTHER TRANSACTIONS</b>					
C.1 Governments and Central Banks	-	-	-	-	-
C.2 Public Entities	-	-	-	-	-
C.3 Banks	-	-	-	-	-
C.4 Financial Companies	-	-	-	-	-
C.5 Insurance Companies	-	-	-	-	-
C.6 Non-financial companies	-	-	-	-	-
C.7 Other	-	-	-	-	-

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**10.10 OVER-THE-COUNTER FINANCIAL DERIVATIVES: NEGATIVE FAIR VALUE - FINANCIAL RISK**

AS AT 31.12.2005	DEBT SECURITIES AND INTEREST RATES			EQUITY SECURITIES AND STOCK INDICES			EXCHANGE RATES AND GOLD		
COUNTERPARTIES/UNDERLYING ASSETS	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE
<b>A. TRADING TRANSACTIONS</b>									
A.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-
A.2 Public Entities	-	-	-	360	360	-	-	-	-
A.3 Banks	401,413	401,413	70,301	91,764	91,764	-	-	-	-
A.4 Financial Companies	-	-	-	-	-	-	-	-	-
A.5 Insurance Companies	-	-	-	-	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-	-	-	-	-
A.7 Other	45,565	45,565	29,043	45,219	45,219	-	-	-	-
<b>B. HEDGING TRANSACTIONS</b>									
B.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-
B.2 Public Entities	-	-	-	-	-	-	-	-	-
B.3 Banks	520,854	520,854	91,278	180,167	180,167	-	95,331	95,331	171,853
B.4 Financial Companies	-	-	-	-	-	-	-	-	-
B.5 Insurance Companies	-	-	-	-	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-	-	-	-	-
B.7 Other	15,625	15,625	9,000	-	-	-	-	-	-
<b>C. OTHER TRANSACTIONS</b>									
C.1 Governments and Central Banks	-	-	-	-	-	-	-	-	-
C.2 Public Entities	-	-	-	-	-	-	-	-	-
C.3 Banks	-	-	-	-	-	-	-	-	-
C.4 Financial Companies	-	-	-	-	-	-	-	-	-
C.5 Insurance Companies	-	-	-	-	-	-	-	-	-
C.6 Non-financial companies	-	-	-	-	-	-	-	-	-
C.7 Other	-	-	-	249,481	249,481	-	342	342	-

(10.10 Over-the-counter financial derivatives: negative fair value - Financial risk) continued

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AS AT 31.12.2005	OTHER ASSETS			DIFFERENT UNDERLYING ASSETS	
COUNTERPARTIES/UNDERLYING ASSETS	GROSS NON-NETTED	GROSS NETTED	FUTURE EXPOSURE	GROSS NETTED	FUTURE EXPOSURE
<b>A. TRADING TRANSACTIONS</b>					
A.1 Governments and Central Banks	-	-	-	-	-
A.2 Public Entities	-	-	-	-	-
A.3 Banks	-	-	-	-	-
A.4 Financial Companies	-	-	-	-	-
A.5 Insurance Companies	-	-	-	-	-
A.6 Non-financial companies	-	-	-	-	-
A.7 Other	-	-	-	-	-
<b>B. HEDGING TRANSACTIONS</b>					
B.1 Governments and Central Banks	-	-	-	-	-
B.2 Public Entities	-	-	-	-	-
B.3 Banks	-	-	-	-	-
B.4 Financial Companies	-	-	-	-	-
B.5 Insurance Companies	-	-	-	-	-
B.6 Non-financial companies	-	-	-	-	-
B.7 Other	-	-	-	-	-
<b>C. OTHER TRANSACTIONS</b>					
C.1 Governments and Central Banks	-	-	-	-	-
C.2 Public Entities	-	-	-	-	-
C.3 Banks	-	-	-	-	-
C.4 Financial Companies	-	-	-	-	-
C.5 Insurance Companies	-	-	-	-	-
C.6 Non-financial companies	-	-	-	-	-
C.7 Other	-	-	-	-	-

**10.11 CREDIT-RELATED DERIVATIVES: COUNTERPARTY RISK**

CATEGORIES OF TRANSACTIONS	AS AT 31.12.2005		
	NOTIONAL VALUE	POSITIVE FAIR VALUE	FUTURE EXPOSURE
<b>A. TRADING SECURITIES</b>			
<b>A.1 Purchase of protection - Counterparties</b>			
1. Governments and Central banks	-	-	-
2. Public entities	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other	-	-	-
<b>A.2 Sale of protection - Counterparties</b>			
1. Governments and Central banks	-	-	-
2. Public entities	-	-	-
3. Banks	-	-	-
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other	-	-	-
<b>B. OTHER TRANSACTIONS</b>			
<b>B.1 Sale of protection - Counterparties</b>			
1. Governments and Central banks	-	-	-
2. Public entities	-	-	-
3. Banks	1,343	55	134
4. Financial companies	-	-	-
5. Insurance companies	-	-	-
6. Non-financial companies	-	-	-
7. Other	-	-	-

**10.12 CREDIT DERIVATIVES: FINANCIAL RISK**

CATEGORIES OF TRANSACTIONS	AS AT 31.12.2005
	NEGATIVE FAIR VALUE
TRADING SECURITIES	
1 Purchase of protection - counterparties	
1.1 Governments and Central banks	-
1.2 Other public entities	-
1.3 Banks	-
1.4 Financial companies	-
1.5 Insurance companies	-
1.6 Non-financial companies	-
1.7 Other	-
Total	-

## Section 11 – Concentration and Distribution of Assets and Liabilities

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11.1 LARGE EXPOSURES	
	AS AT 31.12.2005
a) amount in thousands of €	-
b) number	-

In addition to cash related risk assets, this amount includes off-balance-sheet risk assets and amounts available under unused lines of credit (loans, advances and guarantees). At the end of 2005, there were no existing significant positions for the purposes of this reporting.

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11.2 DISTRIBUTION OF LOANS TO CUSTOMERS BY MAIN CATEGORIES OF BORROWERS	
	AS AT 31.12.2005
a) Governments	-
b) other public entities	4,223
c) non-financial companies	1,958,874
d) financial companies	10,118,868
e) family firms	-
f) other borrowers	9,425
<b>Total</b>	<b>12,091,390</b>

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11.3 DISTRIBUTION OF LOANS TO ITALIAN NON-FINANCIAL COMPANIES AND FAMILY FIRMS	
	AS AT 31.12.2005
<b>Economic sectors</b>	
a) other services for sale	960,814
b) office equipment, data processing	42,699
c) other industrial products	-
d) food, beverage and tobacco products	-
e) other sectors	-
<b>Totale</b>	<b>1,003,513</b>

€ '000

Distribution of credit derivatives purchased (guarantees received) by main counterparty categories	
	AS AT 31.12.2005
<b>Banking Book:</b>	<b>17,449</b>
- banks	16,106
- financial companies	1,343
<b>Trading Book:</b>	-
- banks	-
- financial companies	-
<b>Total</b>	<b>17,449</b>

€ '000

**11.4 DISTRIBUTION OF GUARANTEES GIVEN BY MAIN CATEGORIES OF COUNTERPARTIES**

	AS AT 31.12.2005
a) Governments	-
b) other public entities	-
c) banks	23,983,759
d) non-financial companies	456,510
e) financial companies	1,781,976
f) family firms	257
g) other borrowers	298,530
<b>Total</b>	<b>26,521,032</b>

€ '000

**Distribution of credit derivatives sold (guarantees given) by main counterparty categories**

	AS AT 31.12.2005
<b>Banking Book:</b>	<b>1,343</b>
- banks	1,343
- financial companies	-
<b>Trading Book:</b>	<b>-</b>
- banks	-
- financial companies	-
<b>Total</b>	<b>1,343</b>

€ '000

**11.5 GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES**

TRANSACTIONS/COUNTRIES	AS AT 31.12.2005			
	ITALY	OTHER EU COUNTRIES	OTHER COUNTRIES	TOTAL
<b>1. Assets</b>	<b>100,385,575</b>	<b>8,000,415</b>	<b>2,384,038</b>	<b>110,770,028</b>
1.1 Loans to banks	62,157,443	5,217,863	971,099	68,346,405
1.2 Loans to customers	10,511,758	566,952	1,012,680	12,091,390
1.3 Securities	27,716,374	2,215,600	400,259	30,332,233
<b>2. Liabilities and shareholders' equity</b>	<b>68,797,388</b>	<b>20,601,493</b>	<b>25,736,000</b>	<b>115,134,881</b>
2.1 Due to banks	35,229,237	4,990,918	12,185,573	52,405,728
2.2 Due to customers	2,159,436	1,910,772	1,536,945	5,607,153
2.3 Securities in issue	25,778,201	13,699,803	9,904,265	49,382,269
2.4 Other accounts	5,630,514	-	2,109,217	7,739,731
<b>3. Guarantees and commitments</b>	<b>17,159,086</b>	<b>12,997,346</b>	<b>5,050,126</b>	<b>35,206,558</b>

## Notes to the Accounts - Part B) Notes to the Balance Sheet

€ '000

## 11.6 BREAKDOWN OF ASSETS AND LIABILITIES BY MATURITY

TRANSACTIONS/ RESIDUAL MATURITY	AS AT 31.12.2005								TOTAL
	FIXED TERM						TERM NOT SPECIFIED		
	ON DEMAND	UP TO 3 MONTHS	3 TO 12 MONTHS	1 - 5 YEARS		OVER 5 YEARS			
				FIXED RATE	INDEXED RATE	FIXED RATE		INDEXED RATE	
1. Assets									
1.1 Refinanceable Treasury Notes	-	18,061	462	61	219,357	135,860	-	-	373,801
1.2 Loans to banks	18,147,020	35,580,737	13,330,066	51,659	186,050	-	41,983	1,008,890	68,346,405
1.3 Loans to customers	1,096,998	7,333,085	1,392,479	329,503	1,574,901	5,729	357,428	1,267	12,091,390
1.4 Bonds and other debt securities	74	980,472	1,319,213	223,930	12,034,502	683,298	14,304,459	-	29,545,948
	19,244,092	43,912,355	16,042,220	605,153	14,014,810	824,887	14,703,870	1,010,157	110,357,544
1.5 “Off-balance-sheet”	815,041	40,545,428	16,497,324	11,345,210	326,577	13,995,746	57,610	-	83,582,936
Total Assets	20,059,133	84,457,783	32,539,544	11,950,363	14,341,387	14,820,633	14,761,480	1,010,157	193,940,480
2. Liabilities and Shareholders’ equity									
2.1 Due to banks	14,774,506	30,389,578	6,208,764	11,957	541,570	-	479,353	-	52,405,728
2.2 Due to customers	2,331,254	2,805,164	295,437	11,298	-	164,000	-	-	5,607,153
2.3 Securities in issue:									
- bonds	20,679	500,181	108,590	2,574,816	8,684,760	5,770,238	5,902,999	-	23,562,263
- certificates of deposit	-	14,880,247	8,406,486	84,204	233,110	-	-	-	23,604,047
- other securities	91	292,384	464,399	59,985	907,523	186,577	305,000	-	2,215,959
	20,770	15,672,812	8,979,475	2,719,005	9,825,393	5,956,815	6,207,999	-	49,382,269
2.4 Subordinated debt	-	-	210,507	1,481,703	1,059,757	1,400,000	3,587,764	-	7,739,731
	17,126,530	48,867,554	15,694,183	4,223,963	11,426,720	7,520,815	10,275,116	-	115,134,881
2.5 “Off-balance-sheet” transactions	325,842	57,358,503	10,822,449	8,617,865	334,480	6,021,691	102,106	-	83,582,936
Total Liabilities	17,452,372	106,226,057	26,516,632	12,841,828	11,761,200	13,542,506	10,377,222	-	198,717,817

€ '000

## 11.7 ASSETS AND LIABILITIES IN FOREIGN CURRENCY

AS AT 31.12.2005	
<b>a) Assets</b>	
1. loans to banks	2,758,221
2. loans to customers	1,146,109
3. securities	489,933
4. equity investments	3,161,914
5. other accounts	46,015
	<b>7,602,192</b>
<b>b) Liabilities</b>	
1. due to banks	13,328,038
2. due to customers	2,627,776
3. securities in issue	24,203,497
4. other accounts	819,217
	<b>40,978,528</b>

Based on current regulations, "other accounts" under assets are made up of item 10 "Cash and balances with central banks and post offices"; "other accounts" under liabilities are made up of item 110 "Subordinated bonds".



The exchange rates used for the conversion into euros of the most significant foreign currencies for the Bank's business were as follows:

	EXCHANGE RATE AL 31.12.2005
United States dollar	1.1797
British Pound	0.6853
Japanese Yen	138.9
Polish Zloty	3.86
Croatian Kuna	7.3715
Slovak Koruna	37.88
Bulgarian Lev	1.9563
Turkish Lira	1.5924
Romanian Leu	3.6802

## 11.8 SECURITISATION TRANSACTIONS

The Group's main aim in performing securitisation transactions is to free up "economic capital" and/or obtain new liquidity, and to obtain greater diversification in *funding* sources.

The advisability of securitisation transactions is evaluated on the basis of the ability to create value; in this regard, a decision-making procedure has been developed and centralised at Parent Company level, for the planning, evaluation and execution of securitisations.

The process includes an economic feasibility study phase used to evaluate the impact on capital (Tier I Ratio and Total Capital Ratio of the Group), and on EVA (Economic Value Added) and RARORAC (Risk-Adjusted Return On Risk-Adjusted Capital).

If the evaluation in this first phase is positive, a technical and operational feasibility study is begun to examine the assets to be securitised and the transaction structure is established.

Once technical feasibility is established, the transaction is carried out.

No securitisation transactions were carried out in 2005. Existing positions are provided below in securities and deposits originating from prior securitisations.

(€ million)

Portfolio loans and securities originating from securitisation transactions							
CLASS	QUALITY OF UNDERLYING ASSET	TYPES OF UNDERLYING ASSET			WRITE-DOWNS	WRITE-BACKS	CARRYING VALUE
		GROUP	THIRD-PARTY	TOTAL			
<b>Subordinated Deposits</b>		-	<b>5.1</b>	<b>5.1</b>	<b>-1.7</b>	-	<b>3.4</b>
Junior	Other assets	-	5.1	5.1	-1.7	-	3.4
<b>Investment Securities</b>		-	<b>196.7</b>	<b>196.7</b>	<b>-42.0</b>	-	<b>154.7</b>
Senior		-	196.7	196.7	-42.0	-	154.7
	Non-performing loans	-	-	-	-	-	-
	Doubtful loans	-	-	-	-	-	-
	Other assets	-	196.7	196.7	-42.0	-	154.7
Mezzanine		-	-	-	-	-	-
	Non-performing loans	-	-	-	-	-	-
	Doubtful loans	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-
Junior		-	-	-	-	-	-
	Non-performing loans	-	-	-	-	-	-
	Doubtful loans	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-
<b>Trading Securities</b>		-	<b>980.6</b>	<b>980.6</b>			<b>980.6</b>
Senior		-	980.6	980.6			980.6
	Non-performing loans	-	357.8	357.8			357.8
	Doubtful loans	-	-	-			-
	Other assets	-	622.8	622.8			622.8
Mezzanine		-	-	-	-	-	-
	Non-performing loans	-	-	-	-	-	-
	Doubtful loans	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-
Junior		-	-	-	-	-	-
	Non-performing loans	-	-	-	-	-	-
	Doubtful loans	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-
<b>Totale</b>		-	<b>1,182.4</b>	<b>1,182.4</b>	<b>-43.7</b>	-	<b>1,138.7</b>

In detail:

## GROUP SECURITISATIONS

### Cordusio synthetic securitisation

This transaction was terminated on 1 April 2005 following exercise of the call option provided in the contract.

## SECURITISATIONS BY OTHER ORIGINATORS

### Colombo, Diocleziano and Augusto transactions

- Stake held by UniCredito Italiano in each SPV: 5%
- Origin:  
Transactions performed in 2001 with loans resulting from the restructuring of Credito Fondiario e Industriale S.p.A. –Fonspa, and related to the plan to dispose of the investment in that entity.

- Principal features:

#### Colombo

- used public works loans constituting part of the loans sold by Fonspa to the SPV prior to the spin-off to UniCredit (the remaining loans sold by Fonspa were sold to the Diocleziano SPV – see below);
- bonds issued totalled €394.5 million, with a maturity of 28 August 2026, and were all placed in the market;
- to support any liquidity needs and expenses related to the transaction, UniCredit underwrote a subordinated loan, with limited recourse, of €7.3 million issued by the SPV, repaid at par in 2004 for €1.1 million and in 2005 for another €1.1 million).

#### Diocleziano

- used loans sold by Colombo (see above) outstanding as at 30 November 2001 of €775.9 million, including industrial, mortgage and non-residential loans and a portion of residential loans (the remainder of the residential mortgage loans were sold to Augusto – see below);
- bonds issued totalled €732.7 million, with a maturity of 31 August 2037; €366.4 million were purchased privately by UniCredit and recorded in the investment securities portfolio. Of this amount, €21.9 million were class A1 (repaid at par in 2002), and €344.5 million were class A2 (repaid at par in 2003 for €122.0 million, in 2004 for €46.5 million and in 2005 for €29.2 million);

#### Augusto

- used residential-type loans sold to it by Diocleziano (see above);
- bonds issued totalled €275.0 million, with a maturity of 31 August 2037; €137.5 million were purchased privately by UniCredit and recorded in the investment securities portfolio. Of this amount, €11.6 million were class A1 I (repaid at par in 2002), €84.3 million were class A2 I (repaid at par in 2003 for €24.9 million, in 2004 for €14.8 million and in 2005 for €10.8 million) and €41.6 were class A1 II (repaid at par in 2003 for €14.3 million, in 2004 for €6.4 million and in 2005 for €4.8 million);

- Risk situation:

#### Colombo

There has been no increase in risk since the last year.

**Diocleziano and Augusto**

With regard to asset monitoring and risk containment, UGC Banca SpA, a special servicer specialising in loan recovery, continued to manage the loan positions that carry a higher degree of risk.

In addition, writedowns of securities subscribed can be considered adequate in relation to the risk of the underlying loan portfolios.

- Position of the subordinated loans and the securities held:

(€ million)

ISIN CODE	TRANSACTION	DESCRIPTION	TYPE	PORTFOLIO	FACE VALUE*	WRITEDOWNS/WRITE-BACKS		CARRYING VALUE
						IN PREVIOUS YEARS	IN 2005	
-	COLOMBO	Subordinated loan with limited recourse	Junior	Deposits	5.1	-1.7	-	3.4
IT0003224083	DIOCLEZIANO	Diocleziano A2 bond	Senior	Investm. Sec.	146.8	-34.9	-	111.9
IT0003224232	AUGUSTO	Augusto 1 A2 bond - Issue I	Senior	Investment securities	33.8	-3.6	-	30.2
IT0003224273	AUGUSTO	Augusto 2 A1 bond - Issue II	Senior	Investment securities	16.1	-3.5	-	12.6
<b>Total</b>					<b>201.8</b>	<b>-43.7</b>	<b>-</b>	<b>158.1</b>

\* net of repayments in "pool factor"

## OTHER SECURITISATIONS BY OTHER ORIGINATORS

As at 31 December 2005, the following positions from securitisation transactions by other originators were included in the securities portfolio:

### Investment securities

(€ million)

ISIN CODE	BOND DESCRIPTION	MATURITY	TYPE	ORIGINATOR	ISSUER	RATING TRANCHE (M / S&P / F)*
XS0232767631	ASSET BACK EST Cl. A	01/10/2015	SENIOR	FIAT SAVA SpA	ASSET-BACKED EUR. SECUR. TRANS	Aaa/AAA/AAA
FR0000480030	AUTO ABS Cl. A1	25/10/2012	SENIOR	BANQ. DIN-PSA FRANCE	Auto ABS Compartment	Aaa/AAA
ES0370139000	AYT GEN Cl. A	15/12/2034	SENIOR	BARCLAYS BK	AYT Genova B. Hipotecario	Aaa/AAA/AAA
ES0314227002	BBVA HIPO F. Cl. A	21/11/2038	SENIOR	BBVA S.A.	BBVA HIPO. Fondo de Tit. de Activos	Aaa/AAA/AAA
ES0333761007	BBVA AUTOS F.	20/11/2019	SENIOR	BBVA S.A.	BBVA HIPO. Fondo de Tit. de Activos	Aaa/AAA/AAA
XS0132407791	BPM SECURITISATION - Cl. A	15/01/2033	SENIOR	BP MILANO	Banca Pop. Di Milano Securitisation	Aaa/AAA/AAA
XS0156266586	CARS ALLIANCE FUND.Cl. A1	25/10/2017	SENIOR	RCI BANQUE	Cars Alliance Funding	Aaa/AAA/AAA
XS0177601142	CARS ALLIANCE FUND.Cl. A1	08/01/2021	SENIOR	RCI BANQUE	Cars Alliance Funding	Aaa/AAA/AAA
ES0338300009	CONSUMO SANTANDER Cl. A	15/11/2012	SENIOR	SANTANDER	Consumo Sant. Centr. Hispano Iss. Ltd	Aaa/AAA/AAA
IT0003844930	CORDUSIO Cl. A1	30/06/2033	SENIOR	UNICREDIT BANCA	Cordusio Rmbs Srl	Aaa/AAA/AAA
XS0185355640	DELPHINUS SERIE 1 Cl. A	25/01/2091	SENIOR	ASR BANK	Delphinus BV	Aaa/AAA/AAA
IT0003675763	F E GREEN Cl. A	30/10/2018	SENIOR	FIN-ECO LEASING	F E Green Srl	Aaa/AAA/AAA
IT0003872717	FIP FUNDING CL. A1	10/01/2023	SENIOR	FIP FUNDING	FIP FUNDING Srl	Aa2/AA-/AA
IT0003270573	GIOTTO FIN Cl. A	20/04/2020	SENIOR	BCA ANT. POP. VENETA	Giotto Finance	Aaa/AAA/AAA
XS0210928866	GRANITE FR 2019 S1 Cl. A2	21/12/2019	SENIOR	NORTH ROCK PLC	Granite Master Issuer Plc	Aaa/AAA/AAA
IT0003188312	LOCAT SEC. VEHICLE 1 Cl. A2	12/06/2017	SENIOR	LOCAT SPA	Locat Securitisation Vehicle	Aaa/AAA
IT0003733083	LOCAT SEC. VEHICLE 2 Cl. A	12/12/2024	SENIOR	LOCAT SPA	Locat Securitisation Vehicle	Aaa/AAA/AAA
IT0003951115	LOCAT SEC. VEHICLE 3 Cl. A2	12/12/2026	SENIOR	LOCAT SPA	Locat Securitisation Vehicle	Aaa/AAA/AAA
XS0190179746	SAGRES Cl. A1	25/03/2008	SENIOR	VAR. PORTUGUESE GOVT ENT.	Soc. de Titularizacao de Creditos SA	Aaa/AAA/AAA
XS0190180678	SAGRES Cl. A2	25/03/2011	SENIOR	VAR. PORTUGUESE GOVT ENT.	Soc. de Titularizacao de Creditos SA	Aaa/AAA/AAA
ES0309363002	SANTANDER Cl. A1	23/12/2012	SENIOR	SANTANDER	Sant. Central Hispano Issuance Ltd	Aaa/AAA/AAA
IT0003749352	SCCI SERIE 5 Cl. A	31/07/2010	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003341770	SCCI SERIE 6 Cl. A	31/07/2007	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003505440	SCCI SERIE 7	31/07/2015	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003953350	SCCI SERIE 7 Cl. A	31/07/2016	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003749360	SCCI SERIE 8	31/07/2016	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003953376	SCCI SERIE 9	31/07/2018	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003953384	SCCI SERIE 10	31/07/2019	SENIOR	INPS	Società Cart. Crediti INPS	Aaa/AAA/AAA
IT0003566665	SCIC 1 Cl. A2	21/12/2008	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA/AAA
IT0003566681	SCIC 1 Cl. A3	21/12/2010	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA/AAA
IT0003566699	SCIC 1 Cl. A4	21/12/2015	SENIOR	INPDAP	Società Cart. Italiana Crediti	Aaa/AAA
IT0003402929	SCIP 2 Cl. A3	26/10/2008	SENIOR	VAR. PENSION FUNDS	Società Cart.Immobili Pubblici	Aaa/AAA/AAA
IT0003837058	SCIP 2 Cl. A4	26/04/2012	SENIOR	VAR. PENSION FUNDS	Società Cart.Immobili Pubblici	Aaa/AAA
IT0003837074	SCIP 2 Cl. A5	26/04/2025	SENIOR	VAR. PENSION FUNDS	Società Cart.Immobili Pubblici	Aaa/AAA/AAA
IT0003386270	SIENA MORTGAGE Cl. A2	15/11/2037	SENIOR	MONTE DEI PASCHI	Siena Mortgages SpA	Aaa/AAA/AAA
IT0003588958	SIENA MORTGAGE Cl. A2	16/12/2038	SENIOR	MONTE DEI PASCHI - B. TOSCANA B. AGR. MANTOVANA	Siena Mortgages SpA	Aaa/AAA/AAA
ES0338448006	TDA CAM Cl. A1	22/06/2012	SENIOR	CAJA DE AHORROS MED	Titulacion de Activos CAM	Aaa/AAA/AAA
ES0377991007	TDA CAM Cl. A	26/06/2039	SENIOR	CAJA DE AHORROS MED	Titulacion de Activos CAM	Aaa/nr/AAA
IT0003647457	VELA HOME Cl. A1	27/07/2028	SENIOR	BNL	Vela Home Srl	Aaa/AAA/AAA
IT0003473748	VELA HOME Cl. A1	24/10/2027	SENIOR	BNL	Vela Home Srl	Aaa/AAA/AAA

\* Rating agencies recognised and included in Banca d'Italia Circular 155 dated 18.12.1991.

M = Moody's Investors Service, S&P = Standard & Poor's, F = Fitch-IBCA Investors Service, Nr = Not Rated

## Notes to the Accounts - Part B) Notes to the Balance Sheet

Type and Classification:

(€ million)

ISIN CODE	BOND DESCRIPTION	FACE VALUE *	CARRYING VALUE	CLASSIFICATION	TRANCHE VALUE *
IT0003749352	SCCI SERIE 5 Cl. A	30.0	30.0	NON-PERFORMING	1,500.0
IT0003341770	SCCI SERIE 6 Cl. A	71.0	71.2	NON-PERFORMING	1,500.0
IT0003505440	SCCI SERIE 7	89.5	89.7	NON-PERFORMING	1,500.0
IT0003953350	SCCI SERIE 7 Cl. A	40.0	40.0	NON-PERFORMING	1,925.0
IT0003749360	SCCI SERIE 8	42.0	41.9	NON-PERFORMING	2,050.0
IT0003953376	SCCI SERIE 9	40.0	40.0	NON-PERFORMING	1,575.0
IT0003953384	SCCI SERIE 10	45.0	45.0	NON-PERFORMING	1,500.0
<b>sub - total</b>		<b>357.5</b>	<b>357.8</b>		
XS0232767631	ASSET BACK EST Cl. A	0.3	0.3	PERFORMING	1,112.5
FR0000480030	AUTO ABS Cl. A1	28.6	28.6	PERFORMING	618.3
ES0370139000	AYT GEN Cl. A	7.5	7.6	PERFORMING	10.0
ES0314227002	BBVA HIPO F. Cl. A	9.6	9.6	PERFORMING	449.5
ES0333761007	BBVA AUTOS F.	10.0	10.0	PERFORMING	949.5
XS0132407791	BPM SECURITISATION - Cl. A	7.7	7.7	PERFORMING	514.3
XS0156266586	CARS ALLIANCE FUND. Cl. A1	6.1	6.1	PERFORMING	1,055.0
XS0177601142	CARS ALLIANCE FUND. Cl. A1	30.6	30.6	PERFORMING	804.8
ES0338300009	CONSUMO SANTANDER Cl. A	31.9	31.9	PERFORMING	972.0
IT0003844930	CORDUSIO Cl. A1	31.5	31.5	PERFORMING	750.0
XS0185355640	DELPHINUS SERIE 1 Cl. A	21.5	21.6	PERFORMING	1,080.0
IT0003675763	F E GREEN Cl. A	26.0	26.0	PERFORMING	1,342.0
IT0003872717	FIP FUNDING Cl. A1	10.0	10.0	PERFORMING	600.0
IT0003270573	GIOTTO FIN Cl. A	12.2	12.2	PERFORMING	379.3
XS0210928866	GRANITE FR 2019 S1 Cl. A2	10.3	10.3	PERFORMING	428.6
IT0003188312	LOCAT SEC. VEHICLE 1 Cl. A2	6.5	6.5	PERFORMING	800.0
IT0003733083	LOCAT SEC. VEHICLE 2 Cl. A	25.8	25.8	PERFORMING	2,374.0
IT0003951115	LOCAT SEC. VEHICLE 3 Cl. A2	19.0	19.0	PERFORMING	1,349.0
XS0190179746	SAGRES Cl. A1	12.6	12.6	PERFORMING	255.0
XS0190180678	SAGRES Cl. A2	3.0	3.0	PERFORMING	546.0
ES0309363002	SANTANDER Cl. A1	13.8	13.8	PERFORMING	18,708.6
IT0003566665	SCIC 1 Cl. A2	20.0	20.0	PERFORMING	1,500.0
IT0003566681	SCIC 1 Cl. A3	33.8	34.5	PERFORMING	860.0
IT0003566699	SCIC 1 Cl. A4	0.6	0.6	PERFORMING	700.0
IT0003402929	SCIP 2 Cl. A3	80.6	80.7	PERFORMING	1,743.0
IT0003837058	SCIP 2 Cl. A4	35.0	35.0	PERFORMING	1,000.0
IT0003837074	SCIP 2 Cl. A5	20.9	20.9	PERFORMING	2,895.0
IT0003386270	SIENA MORTGAGE Cl. A2	32.2	32.2	PERFORMING	996.7
IT0003588958	SIENA MORTGAGE Cl. A2	9.4	9.1	PERFORMING	1,128.3
ES0338448006	TDA CAM Cl. A1	28.3	28.3	PERFORMING	973.5
ES0377991007	TDA CAM Cl. A	12.4	12.4	PERFORMING	1,724.5
IT0003647457	VELA HOME Cl. A1	10.2	10.2	PERFORMING	271.6
IT0003473748	VELA HOME Cl. A1	14.1	14.2	PERFORMING	1,052.2
<b>sub - total</b>		<b>622.0</b>	<b>622.8</b>		
<b>Totale Senior Bonds</b>		<b>979.5</b>	<b>980.6</b>		

\* net of any repayments in "pool factor"

## Section 12 - Asset management and trading on behalf of customers

€ '000

12.1 SECURITIES DEALING	
	AS AT 31.12.2005
<b>a) purchases</b>	
1. settled	147,044
2. unsettled	-
	<b>147,044</b>
<b>b) sales</b>	
1. settled	97,037
2. unsettled	-
	<b>97,037</b>

€ '000

12.2 SEGREGATED ACCOUNTS	
	AS AT 31.12.2005
1. Securities issued by the bank that prepares accounts	-
2. Other securities	-
	-

€ '000

12.3 CUSTODY AND ADMINISTRATION OF SECURITIES	
	AS AT 31.12.2005
<b>a) Customers' securities on deposit (excluding asset management accounts)</b>	
1) securities issued by the bank preparing these Accounts	9,680,979
2) other securities	176,486,584
<i>of which:</i>	
- security	7,755
- collateral	2,677,103
- custody	173,801,726
	<b>186,167,563</b>
<b>b) Customers' securities deposited with other depositaries</b>	<b>181,183,316</b>
<b>c) Investment and trading securities deposited with other depositaries</b>	<b>41,705,937</b>

€ '000

**12.4 COLLECTIONS ON BEHALF OF CUSTOMERS: DEBIT AND CREDIT ADJUSTMENTS**

	AS AT 31.12.2005
<b>a) debit adjustments</b>	
1. current accounts	-
2. central portfolio	1,210,477
3. cash	-
4. other accounts	-
	<b>1,210,477</b>
<b>b) credit adjustments</b>	
1. current accounts	-
2. sellers' bills and documents	1,210,477
3. other accounts	-
	<b>1,210,477</b>
<b>difference (a - b)</b>	-

€ '000

**12.5 OTHER TRANSACTIONS**

	AS AT 31.12.2005
<b>Other customer securities on deposit</b>	<b>1,516,438</b>
<b>Other customer securities deposited with other depositaries</b>	<b>860,932</b>
<b>Other investment and trading securities deposited with other depositaries</b>	<b>44,259</b>



## Part C) Notes to the Profit and Loss Account

(€ thousands)

### Section 1 - Interest

€ '000

	2005
<b>10. Interest income and similar revenues</b>	<b>3,152,406</b>
<b>20. Interest expense and similar charges</b>	<b>3,188,545</b>

€ '000

1.1 ITEM 10 "INTEREST INCOME AND SIMILAR REVENUES"	
	2005
a) on loans to banks	1,444,739
<i>of which: - on loans to central banks</i>	42,954
b) on loans to customers	400,534
<i>of which: - on loans with deposits received in administration</i>	-
c) on debt securities	1,170,340
d) other interest income	17,538
e) positive balances of hedging transaction differentials	119,255
<b>Total</b>	<b>3,152,406</b>

€ '000

1.2 ITEM 20 "INTEREST EXPENSE AND SIMILAR CHARGES"	
	2005
a) on amounts due to banks	1,168,462
b) on amounts due to customers	188,092
c) on securities in issue	1,489,698
<i>of which: - on certificates of deposit</i>	792,878
d) on deposits received in administration	-
e) on subordinated debt	342,293
f) negative balances of hedging transaction differentials	-
<b>Total</b>	<b>3,188,545</b>

€ '000

1.3 DETAILS OF ITEM 10 "INTEREST INCOME AND SIMILAR REVENUES"	
	2005
a) on assets denominated in foreign currency	163,491
b) on assets denominated in €	2,869,660
	<b>3,033,151</b>
c) positive balances of hedging transaction differentials	119,255
<b>Total</b>	<b>3,152,406</b>

€ '000

1.4 DETAILS OF ITEM 20 "INTEREST EXPENSE AND SIMILAR CHARGES"	
	2005
a) on liabilities denominated in foreign currency	1,461,255
b) on liabilities denominated in €	1,727,290
<b>Total</b>	<b>3,188,545</b>

## Section 2 - Commission

€ '000

	2005
40. Commission income	188,849
50. Commission expense	37,864

€ '000

2.1 ITEM 40 "COMMISSION INCOME"	
	2005
a) guarantees given	17,620
b) loan-related derivatives	-
c) administration, brokerage and consultancy services:	74,496
1. security dealing	40
2. currency dealing	3,895
3. segregated accounts:	1,989
3.1 individual	1,989
3.2 collective	-
4. custody and administration of securities	14,840
5. custodian bank	27,773
6. placement of securities	22,029
- investment funds	18,240
- altri titoli	3,789
7. acceptance of trading instructions	1,219
8. consultancy activities	-
9. distribution of third party services:	2,711
9.1 asset management accounts:	628
9.1.1 individual	628
9.1.2 collective	-
9.2 insurance products	2,083
9.3 other products	-
d) collection and payment services	25,849
e) servicing for securitisation transactions	-
f) tax collection services	-
g) tax collection services	70,884
Total	188,849

Total sub-item g) "Other services" was broken down as follows:

€ '000

OTHER SERVICES (G)	2005
loans made	21,838
securities services	40,436
refunds and sundry recoveries	546
other	8,064
Total	70,884

€ '000

2.2 DETAILS OF ITEM 40 "COMMISSION INCOME": DISTRIBUTION CHANNELS FOR PRODUCTS AND SERVICES	
	2005
<b>a) at the Group's branches:</b>	<b>26,525</b>
1. segregated accounts	1,939
2. placement of securities	21,883
3. third party services and products	2,703
<b>b) off-site distribution:</b>	<b>204</b>
1. segregated accounts	50
2. placement of securities	146
3. third party services and products	8
<b>Total</b>	<b>26,729</b>

€ '000

2.3 ITEM 50 "COMMISSION EXPENSE"	
	2005
<b>a) guarantees received</b>	<b>4,170</b>
<b>b) loan-related derivatives</b>	<b>414</b>
<b>c) administration and brokerage services:</b>	<b>7,514</b>
1. security dealing	95
2. currency dealing	1,827
3. segregated accounts	157
3.1 Bank portfolio	157
3.2 third party portfolio	-
4. custody and administration of securities	5,364
5. placement of securities	71
6. off-site distribution of securities, products and services	-
<b>d) collection and payment services</b>	<b>3,069</b>
<b>e) other services</b>	<b>22,697</b>
<b>Total</b>	<b>37,864</b>

Total sub-item e) "Other services" was broken down as follows:

€ '000

OTHER SERVICES - BREAKDOWN	
	2005
securities services	17,887
other	4,810
<b>Total</b>	<b>22,697</b>

## Section 3 - Trading Profits (Losses)

€ '000

2005	
60. Trading profits (losses)	-17,244

€ '000

3.1 ITEM 60 "TRADING PROFITS"			
	2005		
	SECURITIES TRANSACTIONS	CURRENCY TRANSACTIONS	OTHER TRANSACTIONS
A.1 Revaluations	11,960	xxx	79,212
A.2 Writedowns	-12,752	xxx	-75,668
B. Other profits/losses	979	-5,668	-15,307
<b>Totals</b>	<b>187</b>	<b>-5,668</b>	<b>-11,763</b>
1. Government securities	-2,786		
2. Other debt securities	4,526		
3. Equity securities	2,668		
4. Derivative contracts on securities	-4,221		

## Section 4 - Administrative Expense

€ '000

2005	
80. Administrative expenses	561,266

€ '000

Item 80 "administrative expenses"	
	2005
<b>a) payroll</b>	
- wages and salaries	192,052
- social security contributions	48,122
- severance pay	11,684
- pensions and similar benefits (*)	41,899
- other costs	8,012
<b>Total payroll</b>	<b>301,769</b>
<b>b) other administrative expenses</b>	
indirect taxes and duty:	
- stamp tax	4,463
- withholdi ng tax	1,073
- registration tax	148
- other taxes and duties	1,416
	<b>7,100</b>
miscellaneous costs and expenses:	
- remuneration paid to outside professionals	43,398
- compensation and fees paid to Directors and Statutory Auditors	5,194
- insurance	3,670
- advertising	22,834
- donations	322
- rental of electronic equipment and software	1,496
- postage, telephone, telegraph and telex	8,947
- printing and stationery	1,476
- various office equipment	609
- internal and external surveillance of premises	3,449
- credit information and searches	631
- various services rendered by third parties	99,358
- transport and safekeeping of valuables and documents	799
- cleaning of premises	1,336
- repair and maintenance of furniture, machinery and equipment	3,327
- maintenance of premises	1,221
- maintenance of premises	8,877
- various hire charges	4,320
- rentals	21,557
- electricity, gas, heating, portorage and drinking water	3,011
- other costs	16,565
	<b>252,397</b>
<b>Total other administrative expenses</b>	<b>259,497</b>
<b>Total</b>	<b>561,266</b>

€ '000

4.1 AVERAGE NUMBER OF EMPLOYEES BY CATEGORY	
	2005
a) Senior management	205
b) Management	562
c) Other staff	814
<b>Total</b>	<b>1,581</b>

This figure is calculated as the arithmetic mean of the number of employees at the end of the year and the number at the end of the prior year.

## Section 5 – Writedowns, write-backs and provisions

€ '000

	2005
<b>90. Writedowns of intangible and tangible fixed assets</b>	<b>33,965</b>
<b>100. Provisions for risks and charges</b>	<b>16,957</b>
<b>120. Writedowns of loans and provisions for guarantees and commitments</b>	<b>2,041</b>
<b>130. Write-backs of loans and provisions for guarantees and commitments</b>	<b>12,276</b>
<b>150. Writedowns of financial investments</b>	<b>48,765</b>
<b>160. Write-backs of financial investments</b>	<b>27,482</b>

Please refer to Notes to the Accounts, Part A), Section 1, "Description of Accounting Policies" for details on the determination of writedowns, write-backs and provisions.

€ '000

Item 90 "writedowns of intangible and tangible fixed assets"	
	2005
<b>writedowns of tangible fixed assets:</b>	
- property	1,681
- furniture	2,811
- equipment	4,814
	<b>9,306</b>
<b>writedowns of intangible fixed assets:</b>	
- intangible assets	3,003
- leased property costs	6,875
- goodwill	14,781
	<b>24,659</b>
<b>Total</b>	<b>33,965</b>

Depreciation of tangible assets was determined using the rates set forth below and supplemented by a further €2,695 thousand.

For the first year of service, rates were reduced by one half.

Items costing less than €516.46 were charged to a single year.

€ '000

DEPRECIATION RATES		2005
<b>Property</b>		3.00%
<b>Furniture</b>		
furnishings		15.00%
furniture and ordinary office machinery		12.00%
motor vehicles		25.00%
<b>Equipment</b>		
equipment and electronic machinery		20.00%
alarm, telecameras and other equipment		30.00%
electronic telephone systems		20.00%
lifting apparatus		7.50%
other equipment (safety equipment, air conditioning, heating, electrical, etc.)		15.00%

€ '000

Item 100 "provisions for risks and charges"		2005
<b>Allocations to Reserves for risks and charges:</b>		
- sub-item c) other reserves:		
other reserves for risks and charges		16,957
<b>Total</b>		<b>16,957</b>

See Notes to the Accounts, Part B, "Notes to the Balance Sheet", Section 7, for more information.

€ '000

Item 120 "writedowns of loans and provisions for guarantees and commitments"		2005
Writedowns of loans:		
- to banks		365
- to customers		1,149
		<b>1,514</b>
Allocations to "reserves for risks and charges":		
- sub-item c) "other reserves": provisions for guarantees and commitments		527
		<b>527</b>
<b>Total</b>		<b>2,041</b>

€ '000

ANALYSIS OF LOANS WRITEDOWNS	2005
- non-performing loans with respect to principal	917
- doubtful loans	107
- restructured loans	-
- country risk	275
- performing	215
<b>Total</b>	<b>1,514</b>

€ '000

Item 130 "write-backs of loans and provisions for guarantees and commitments"	
	2005
- loans	11,696
- provisions for guarantees and commitments	580
<b>Total</b>	<b>12,276</b>

€ '000

ANALYSIS OF WRITE-BACKS ON LOANS	2005
- non-performing loans with respect to principal	2,521
- doubtful loans	1,890
- restructured loans	750
- country risk	1,577
- performing loans	686
- overdue interest	2,622
- loans written off	1,650
<b>Total</b>	<b>11,696</b>

€ '000

Item 150 "writedowns of financial investments"	
	2005
- writedowns of securities	6,083
- writedowns of equity investments	42,682
<b>Total</b>	<b>48,765</b>



€ '000

Item 160 "write-backs of financial investments"	
	2005
- writedowns of securities	670
- writedowns of equity investments	26,812
<b>Total</b>	<b>27,482</b>

Writedowns and writebacks of investment securities and equity investments have been allocated to items 150 and 160 as illustrated in the relevant sections 2 and 3 of Part B) "Notes to the Balance Sheet".

€ '000

5.1 ITEM 120 "WRITEDOWNS OF LOANS AND PROVISIONS FOR GUARANTEES AND COMMITMENTS"	
	2005
a) writedowns of loans:	1,514
<i>of which: - general writedowns for country risk</i>	275
- <i>other general writedowns</i>	-
b) provisions for guarantees and commitments	527
<i>of which: - general provisions for country risk</i>	422
- <i>other general provisions</i>	-
<b>Total</b>	<b>2,041</b>

## Section 6 - Other Profit and Loss Items

€ '000

	2005
<b>30. Dividends and other revenues</b>	<b>2,294,731</b>
<b>65. Gains on investment of retirement reserve and similar obligations</b>	<b>1,094</b>
<b>70. Other operating income</b>	<b>148,626</b>
<b>85. Transfer to provisions of gains on investment of retirement reserve and similar obligations</b>	<b>1,094</b>
<b>110. Other operating expense</b>	<b>17,716</b>
<b>180. Extraordinary income</b>	<b>274,562</b>
<b>190. Extraordinary charges</b>	<b>27,880</b>
<b>220. Income tax for the year</b>	<b>-109,997</b>

€ '000

Item 30 "dividends and other revenues"	
	2005
<b>Dividends collected during the year:</b>	
a) on shares, interests and other variable yield securities	48,263
b) on equity investments	84,722
c) on equity investments in Group companies:	61,580
<i>UniCredito Italiano Bank (Ireland) Plc (*)</i>	60,000
<i>Tyrerescom Ltd (*)</i>	1,183
<i>Bulbank A.D.</i>	332
<i>UniCredit Banca d'Impresa S.p.A.</i>	50
<i>Zagrebacka Banka d.d.</i>	15
<b>Dividends reported on an accrual basis:</b>	
c) on equity investments in Group companies:	2,100,166
<i>UniCredit Banca S.p.A.</i>	587,784
<i>UniCredit Banca d'Impresa S.p.A.</i>	451,870
<i>UniCredit Banca Mobiliare S.p.A.</i>	280,281
<i>Pioneer Global Asset Management S.p.A.</i>	214,732
<i>Bayerische Hypo - und Vereinsbank A.G.</i>	180,003
<i>Bank Pekao S.A.</i>	168,938
<i>UniCredit Private Banking S.p.A.</i>	71,872
<i>Bank Austria Creditanstalt A.G.</i>	64,144
<i>Bulbank A.D.</i>	28,860
<i>Uniriscossioni S.p.A.</i>	21,320
<i>UniCredito Gestione Crediti S.p.A.</i>	15,024
<i>UniCredito Gestione Crediti S.p.A.</i>	11,410
<i>Unibanka A.S.</i>	3,928
<b>Total</b>	<b>2,294,731</b>

\* These are "advance" 2005 dividends already received.

€ '000

Breakdown of item 65 "income from investment of pension funds and similar obligations"	
	2005
Interest income and other net gains	1,094
<b>Total</b>	<b>1,094</b>

€ '000

Breakdown of item 85 "allocation of income from investment of pension funds and similar obligations"	
	2005
Allocations to pension funds with segregated assets	1,094
<b>Total</b>	<b>1,094</b>

Items 65 and 85 represent net income, as well as the associated allocation, from the investment of segregated assets under Article 2117 of the Italian Civil Code in respect of the following pension funds:

- Company Pension Fund supplementing the general obligatory insurance for the employees of former Cassa di Risparmio di Trento e Rovereto S.p.A. (credit and tax collection departments) – Sections B and C (€765,000);
- Company Pension Fund supplementing INPS benefits of Cassa Risparmio Carpi S.p.A. – Pension Account – Defined-contribution Section (€229,000);

Company Pension Fund supplementing INPS benefits of Cassa Risparmio Carpi S.p.A. – Defined-benefit reserve account re: retired employees (€100,000).

€ '000

6.1 ITEM 70 "OTHER OPERATING INCOME"	
	2005
<b>Premiums received for options</b>	<b>12,614</b>
<b>Debits to third parties:</b>	<b>27,591</b>
- tax reimbursements	5,315
- deposits and current accounts	21,987
- other	289
<b>Miscellaneous income:</b>	<b>108,421</b>
- rentals	452
- reimbursement of expenses for staff seconded to other entities	55,935
- reimbursements of various amounts due in prior periods	11,068
- other	40,966
<b>Total</b>	<b>148,626</b>

"Other operating income" includes mainly recoveries from Group Companies for various services.

€ '000

6.2 ITEM 110 "OTHER OPERATING EXPENSE"	
	2005
payments for fixed assets under financial leases	268
adjustments of conditions affecting prior periods	3,355
other costs*	14,093
<b>Total</b>	<b>17,716</b>

\* of which €4,844 thousand relating to non-tax-deductible withholdings incurred.

€ '000

6.3 ITEM 180 "EXTRAORDINARY INCOME"	
	2005
<b>Profits on sales of:</b>	<b>242,352</b>
- property	966
- investment securities	3,396
- equity investments	235,378
- other assets	2,612
<b>Contingent gains and reversal of liabilities:</b>	<b>32,210</b>
- surplus arising from tax-consolidation assets	13,299
- surplus arising from allocations to Provisions for taxes and duties for current taxes	4,072
- surplus arising from allocations to "Provision for risks and charges - other provisions" in respect of:	4,871
<i>payroll</i>	3,398
<i>revocatory actions and legal proceedings</i>	417
<i>other</i>	1,056
- positive difference of deferred tax relating to prior years	2,261
- rebates on taxes from foreign branches	938
- other	6,769
<b>Total</b>	<b>274,562</b>

€ '000

**6.4 ITEM 190 "EXTRAORDINARY CHARGES"**

	2005
<b>Losses on disposal of:</b>	<b>1,042</b>
- property	35
- investment securities	800
- equity investments	29
- other assets	178
<b>Contingent losses and reversal of assets:</b>	<b>26,838</b>
- allocations to Provision for risks and charges for personnel costs associated with the business plan 2004-2007 following the business combination with the HVB Group	19,161
- other staff leaving incentives	183
- negative difference for deferred taxation relating to prior years	2,017
- other	5,477
<b>Total</b>	<b>27,880</b>

€ '000

**6.5 ITEM 220 "INCOME TAXES FOR THE YEAR"**

	2005
<b>1. Current taxes</b>	<b>-139,881</b>
- IRES	-149,000
- taxes on income of separately taxed foreign subsidiaries	5,000
- local taxes related to foreign branches in the countries in which they operate	1,903
- other taxes	2,216
<b>2. Changes in deferred tax assets</b>	<b>27,975</b>
<b>3. Changes in deferred taxes</b>	<b>1,909</b>
<b>4. Income tax for the year (1+2+3)</b>	<b>-109,997</b>

Income tax for the year was a tax credit of €109,997 thousand, the result of a tax loss to be recovered under Italian domestic consolidation rules, partly offset by deferred tax liabilities and other tax.

## Section 7 - Other Notes to the Profit and Loss Account

€ '000

**7.1 GEOGRAPHICAL DISTRIBUTION OF INCOME**

	2005
<b>Geographical distribution of income related to items 10, 30, 40, 60 and 70 of the profit and loss account.</b>	
- ITALY	4,596,634
- other EU countries	622,369
- other countries	548,365
<b>Total</b>	<b>5,767,368</b>

Note: classified on the basis of areas where our foreign branches are domiciled for trading purposes

## Part D) Other Information

(amounts in thousands of €)

### Section 1 – Directors and Statutory Auditors

€ '000

1.1 COMPENSATION	
	2005
a) directors	4,077
b) statutory auditors	422
	<b>4,499</b>

€ '000

COMPENSATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS, THE BOARD OF AUDITORS AND GENERAL MANAGERS (pursuant to article 78 of CONSOB Resolution no. 11971 dated 14 May 1999 et seq.)							
INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION			
			EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON- MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPENSATION
FULL NAME	POSITION HELD	PERIOD IN OFFICE					
<b>DIRECTORS</b>							
Carlo Salvatori	Chairman *	01/01/05 - 31/12/05	2007	1,238	1	-	1
Franco Bellei	Dep. Chairman *	01/01/05 - 31/12/05	2007	278	1	-	250
Eugenio Caponi	Dep. Chairman *	01/01/05 - 02/05/05		78	-	-	18
Gianfranco Guty	Dep. Chairman *	02/05/05 - 31/12/05	2007	181	-	-	33
Fabrizio Palenzona	Dep. Chairman *	01/01/05 - 31/12/05	2007	256	-	-	7
Alessandro Profumo	Director *	01/01/05 - 31/12/05	2007	369	10	4,200	3,296
Roberto Bertazzoni	Director *	01/01/05 - 31/12/05	2007	124	-	-	79
Vincenzo Calandra Buonauro	Director	01/01/05 - 31/12/05	2007	66	1	-	217
Mario Cattaneo	Director	01/01/05 - 31/12/05	2007	82	1	-	9
Philippe Citerne	Director	01/01/05 - 31/12/05	2007	63	-	-	-
Ambrogio Dalla Rovere	Director	01/01/05 - 31/12/05	2007	51	-	-	-
Giovanni Desiderio	Director	01/01/05 - 31/12/05	2007	64	-	-	136
Guidalberto di Canossa	Director	01/01/05 - 02/05/05		18	-	-	32
Giancarlo Garino	Director	02/05/05 - 31/12/05	2007	47	-	-	17
Francesco Giacomini	Director *	01/01/05 - 31/12/05	2007	125	-	-	-
Piero Gnudi	Director	01/01/05 - 31/12/05	2007	66	1	-	214
Mario Greco	Director *	01/01/05 - 11/04/05		30	-	-	-
Achille Maramotti	Director	01/01/05 - 12/01/05		2	-	-	4
Luigi Maramotti	Director	27/01/05 - 31/12/05	2007	60	-	-	-
Gianfranco Negri-Clementi	Director	01/01/05 - 31/12/05	2007	80	1	-	7
Carlo Pesenti	Director *	01/01/05 - 31/12/05	2007	124	-	-	-
Giovanni Vaccarino	Director	01/01/05 - 31/12/05	2007	76	-	-	-
Paolo Vagnone	Director *	12/04/05 - 31/12/05	2007	104	-	-	-
Anthony Wyand	Director	01/01/05 - 31/12/05	2007	64	-	-	-

\* Executive Committee Members

(Compensation paid to the members of the board of directors, the board of auditors and general managers) continued

INDIVIDUAL	DESCRIPTION OF POSITION			COMPENSATION				
	FULL NAME	POSITION HELD	PERIOD IN OFFICE	EXPIRATION OF TERM OF OFFICE (ON APPROVAL OF ACCOUNTS FOR)	EMOLUMENTS FOR THE POSITION IN THE COMPANY PREPARING THE ACCOUNTS	NON-MONETARY BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER COMPENSATION
STATUTORY AUDITORS								
	Gian Luigi Francardo	Chairman	01/01/05 - 31/12/05	2006	87	3	-	99
	Giorgio Loli	Stat. Auditor	01/01/05 - 31/12/05	2006	65	3	-	15
	Aldo Milanese	Stat. Auditor	01/01/05 - 31/12/05	2006	65	3	-	102
	Vincenzo Nicastro	Stat. Auditor	01/01/05 - 31/12/05	2006	65	3	-	60
	Roberto Timo	Stat. Auditor	01/01/05 - 31/12/05	2006	65	3	-	10

Mario Greco and Paolo Vagnone's compensation was paid to RAS S.p.A.

Carlo Pesenti's compensation was paid to Italmobiliare S.p.A.

The compensation for the duties of Mr Alessandro Profumo as Director of other Group companies in the amount of €306 thousand, was paid directly to UniCredito Italiano S.p.A.

Equity-based instruments were assigned to Mr Alessandro Profumo, as reported in detail in Section 2 – Stock Options, and are not included in Section 1 – Directors and Statutory Auditors.

The above information relates to Directors and Statutory Auditors for the year 2005; on 16 December 2005 the ordinary shareholders' meeting appointed a new Board of Directors for the years 2006-2008.

€ '000

## 1.2 LOANS GRANTED AND GUARANTEES ISSUED IN THE INTEREST OF:

	2005
a) directors	-
b) statutory auditors	-
	-

## Section 2 - Stock Options

### Stock options allocated to directors and general managers

(pursuant to Article 78 of CONSOB Resolution No. 11971 dated 14 May 1999 et seq.)

Options to Purchase of Shares of the Issuer for the period ending 31 December 2012															
Full Name	Position Held	Options Held at the start of the period			Options Granted during the period			Options Exercised during the period			Options Expired during the period	Options Held at the end of the period			
		Number of Options	Average Strike Price (a)	Average Exercise Date	Number of Options	Average Strike Price (a)	Average Exercise Date	Number of Options	Average Strike Price	Average Market Price when Exercised		Number of Options	Number of Options	Average Strike Price (a)	Average Exercise Date
Alessandro Profumo	Managing Director/CEO	13,700,000	4.503	2011	6,700,000	4.817	2018	-	-	-	-	20,400,000	4.606	2012	

Note: (a) Average strike price is weighted according to the number of options.

The following stock was also assigned to Alessandro Profumo:

- 484 ordinary shares (stock granting). Shares granted free of payment during 2005 under the Employee Shareholding Scheme.

- 230,000 ordinary shares (performance shares). Free shares allotted during 2005 under the Medium-/long-term Top Management Incentive Plan on attainment of performance objectives associated with the plan.

## Notes to the Accounts - Part D) Other Information

Stock options allotted to employees				
		2005		
		NUMBER OF STOCK OPTION	AVERAGE STRIKE PRICE (a)	MARKET PRICE (b)
1.a Existing UniCredit options as at 1.1.2005	(c)	84,709,670	4.502	4.229
1.b Options on UniCredit stock - former option on Rolo Banca stock as at 1.1.2005	(d)	1,227,556	17.382	16.070 (e)
2. Options granted during the year		43,130,000	4.834	5.398
3. UniCredit options exercised during the year		-	-	-
4. Options on UniCredit stock - former options on Rolo Banca stock exercised during the year		-	-	-
5.a UniCredit options lapsing	(f)	2,086,000	-	-
5.b UniCredit options - former options on Rolo Banca stock lapsing	(f)	-	-	-
6.a Existing UniCredit options as at 31.12.2005	(c)	125,753,670	4.773	5.861
7.a of which: exercisable as at 31.12.2005		69,830,970	4.596	5.861
6.b Options on UniCredit stock - former options on Rolo Banca stock as at 31.12.2005	(d)	1,227,556	17.382	22.272 (e)
7.b of which: exercisable as at 31.12.2005		1,227,556	17.382	22.272 (e)

1,341,480 ordinary shares were granted to the 247 top managers of the Group (performance shares). These shares were freely allotted in 2005 under the Medium-/long-term Top Management Incentive Plan on attainment of performance objectives associated with the plan.

Note: These figures include the options assigned to the Managing Director/CEO Mr Alessandro Profumo as employee.

(a) Strike price is weighted according to the number of options.

(b) The market price related to options granted, exercised and expired in the period is the weighted average price based on the number of shares involved on the various dates. For the balances as at 1.1.2005 and 31.12.2005, the current market price of the stock has been used.

(c) Each stock option represents the right to purchase one UniCredit ordinary share.

(d) Options allotted as an equal replacement of options previously allotted to the management of Rolo Banca 1473 S.p.A. following the absorption of this bank into UniCredito Italiano S.p.A., which was completed on 1 July 2002. In the interest of consistency in the share swap between Rolo Banca 1473 and UniCredito Italiano established in relation to this merger, each UniCredit - former Rolo Banca - option gives the holder the right to 3.80 ordinary shares in UniCredito Italiano.

(e) In accordance with note d), the price is determined on the basis of the market price of UniCredit shares multiplied by the share swap ratio of 3.80.

(f) Pursuant to the Regulations, stock options automatically lapse in the event of dismissal for just cause or good reason and in case of voluntary resignation of the employee without pension rights, save as otherwise provided by the Board of Directors.

Free allotment of shares to all employees	
2005	
Number of recipients	35,478 (a)
Number of shares allotted	16,984,286 (b)
Percentage of capital stock	0.163

Note: The above figures include the shares assigned to the Managing Director/CEO, Mr Alessandro Profumo, as an employee.

a) Including 1,352 for the staff of UniCredito Italiano S.p.A. and 34,126 for the staff of Group banks and companies.

b) Including 645,777 for the staff of UniCredito Italiano S.p.A. and 16,338,509 for the staff of Group banks and companies.



FREE ALLOTMENT OF SHARES TO MIDDLE MANAGERS	
	2005
Number of recipients	-
Number of shares allotted	-
Percentage of capital stock	-

Note: The plan for allotment of UniCredit restricted ordinary shares ("restricted shares") free of payment to Middle Managers was approved by UniCredit's Board of Directors at the end of 2005 and actually implemented in January 2006, and involved 2,085 employees for a total number of 2,946,000 shares or 0.028% of share capital.

## Section 3 - Cash-flow Statement

€ '000

CASH-FLOW STATEMENT	
	2005
<b>SOURCES</b>	
<b>Funds generated from operations:</b>	
Net profit for the year	2,256,686
Writedowns (write-backs) of loans	-5,910
Allocation to provision for employee severance pay	9,558
Allocation to provision for retirement payments and similar obligations	32,226
Allocation to provision for risk and charges - other	31,378
Income tax and deferred tax	-114,313
Writedowns (write-backs) of intangible and tangible assets	33,965
Writedowns (write-backs) of financial investments	21,283
<b>Total funds generated from operations</b>	<b>2,264,873</b>
<b>Increase in capital and reserves:</b>	
Capital	22
Reserves	59
<b>Total increase in capital and reserves</b>	<b>81</b>
<b>Other funds collected:</b>	
Subordinated debt	515,088
Deposits from banks	9,096,546
Deposits from customers	-1,525,620
Securities in issue	9,314,190
Accrued liabilities and deferred income	536,604
Other liabilities	-846,253
<b>Other changes to reserves</b>	<b>237,220</b>
<b>Total changes in other Sources</b>	<b>17,327,775</b>
<b>Total Sources</b>	<b>19,592,729</b>

Cash-flow statement continued

€ '000

CASH-FLOW STATEMENT	
	2005
<b>USES</b>	
Dividends distributed	1,281,791
Uses of allocations to provisions for taxes and duties, employee severance pay, risks and charges	212,813
Cash and deposits with central banks	4,291
Loans to banks	5,381,359
Loans to customers	412,293
Securities	9,605,313
Equity investments	1,356,390
Intangible and tangible assets	24,501
Accrued income and pre-paid expenses	237,909
Other assets	1,076,069
<b>Total Uses</b>	<b>19,592,729</b>

## Section 4 - Holding Company or EU Controlling Bank

Not applicable to UniCredito Italiano Spa, the Holding Company, which prepares consolidated accounts.

Managing Director/CEO  
ALESSANDRO PROFUMO

Chief Accountant  
FRANCO LECCACORVI



fairness  
**esitlik**  
equity

transparency  
**прозрачность**  
trasparenza

fiducia  
**zaufanie**  
trust

libertà  
**Freiheit**  
szabadság  
freedom

uzajamosság  
**reciprocity**  
reciprocitate

Respekt  
**rispetto**  
spot  
respect

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# Comparative Tables of the Balance Sheet as at 31 December 2005 and as at 31 December 2004

(amounts in €)

Asset items	31.12.2005	31.12.2004
<b>10. Cash and deposits with central banks and post offices</b>	<b>€46,226,983</b>	<b>€41,935,808</b>
<b>20. Treasury notes and similar securities eligible for refinancing at central banks</b>	<b>373,800,975</b>	<b>685,267,161</b>
<b>30. Loans to banks:</b>	<b>68,346,405,167</b>	<b>62,964,051,850</b>
a) on demand	17,277,879,572	14,888,161,262
b) other	51,068,525,595	48,075,890,588
<b>40. Loans to customers:</b>		
of which:	<b>12,091,389,859</b>	<b>11,674,180,775</b>
- loans with deposits in administration	-	-
<b>50. Bonds and other debt securities:</b>	<b>29,545,947,479</b>	<b>19,545,587,642</b>
a) of government issuers	2,244,842,561	1,642,527,109
b) of banks	25,664,958,311	15,958,599,611
of which:		
- own securities	-	10,585
c) of financial institutions	1,433,087,632	1,362,924,474
of which:		
- own securities	-	-
d) of other issuers	203,058,975	581,536,448
<b>60. Shares, interests and other variable yield securities</b>	<b>412,483,548</b>	<b>501,479,020</b>
<b>70. Equity investments</b>	<b>3,635,846,364</b>	<b>3,106,891,121</b>
<b>80. Equity investments in Group companies</b>	<b>28,990,433,396</b>	<b>11,653,599,579</b>
<b>90. Intangible fixed assets:</b>	<b>11,869,045</b>	<b>19,708,799</b>
of which:		
- start-up costs	-	-
- goodwill	-	-
<b>100. Tangible fixed assets</b>	<b>14,760,447</b>	<b>16,383,767</b>
<b>120. Treasury shares and interests</b> (face value 43,500,000)	<b>358,415,712</b>	<b>358,415,712</b>
<b>130. Other assets</b>	<b>6,146,527,949</b>	<b>4,950,112,780</b>
<b>140. Accrued income and pre-paid expenses</b>	<b>1,243,247,184</b>	<b>1,005,337,720</b>
a) accrued income	868,648,441	666,098,846
b) pre-paid expenses	374,598,743	339,238,874
of which:		
- issue discount on securities	31,950,376	26,798,815
<b>Total assets</b>	<b>€151,217,354,108</b>	<b>€116,522,951,734</b>

Liabilities and Shareholders' equity		31.12.2005	31.12.2004
10. Due to banks:	€52,405,727,531	€43,309,181,975	
a) on demand	13,317,610,372	13,632,035,191	
b) on term or with notice	39,088,117,159	29,677,146,784	
20. Due to customers:	5,607,153,146	7,132,773,231	
a) on demand	2,331,254,167	1,773,720,297	
b) on term or with notice	3,275,898,979	5,359,052,934	
30. Securities in issue:	49,382,268,662	40,068,078,818	
a) bonds	23,562,262,919	15,146,032,556	
b) certificates of deposit	23,604,046,562	23,933,121,020	
c) other securities	2,215,959,181	988,925,242	
50. Other liabilities	3,622,893,401	4,469,147,295	
60. Accrued liabilities and deferred income	1,454,077,712	917,474,422	
a) accrued liabilities	981,716,281	662,194,623	
b) deferred income	472,361,431	255,279,799	
70. Provision for employee severance pay	45,481,872	42,305,546	
80. Provision for risks and charges	1,063,587,284	953,784,443	
a) pension funds and similar obligations	482,597,548	421,268,024	
b) provision for taxes and duties	90,402,290	100,078,883	
c) other provisions	490,587,446	432,437,536	
110. Subordinated debt	7,739,731,429	7,224,643,271	
120. Capital	5,195,277,353	3,168,354,642	
130. Share premium reserve	16,816,170,363	2,308,638,896	
140. Reserves:	5,351,279,101	4,901,092,416	
a) legal reserves	633,805,076	631,633,615	
b) reserve for own shares or interests	358,415,712	358,415,712	
c) statutory reserves	2,048,904,924	1,593,410,640	
d) other reserves	2,310,153,389	2,317,632,449	
150. Revaluation reserves	277,020,029	277,020,029	
170. Net profit (loss) for the year	2,256,686,225	1,750,456,750	
Total liabilities and shareholders' equity	€151,217,354,108	€116,522,951,734	

Guarantees and commitments		
10. Guarantees issued	€26,521,031,599	€21,574,772,031
of which:		
- acceptances	1,622,339	6,938,035
- other guarantees	26,519,409,260	21,567,833,996
20. Commitments	€8,685,525,796	€7,325,573,297
of which:		
- for sales with repurchase obligations	-	-



# Comparative Profit and Loss Accounts as at 31 December 2005 and as at 31 December 2004

(amounts in €)

	2005	2004
10. Interest income and similar revenue	€3,152,406,106	€1,966,224,067
<i>of which:</i>		
- on loans to customers	400,533,727	307,666,363
- on debt securities	1,170,339,737	567,788,999
20. Interest expense and similar charges	3,188,545,357	2,137,165,125
<i>of which:</i>		
- on amounts due to customers	188,092,315	157,650,320
- on securities in issue	1,489,697,938	669,248,064
30. Dividends and other revenue	2,294,731,092	1,944,547,720
a) on shares, interests and other variable yield securities	48,262,723	149,767,408
b) on equity investments	84,722,066	61,349,082
c) on equity investments in Group companies	2,161,746,303	1,733,431,230
40. Commission income	188,848,710	120,760,284
50. Commission expense	37,864,454	36,920,402
60. Gains (Losses) from financial transactions	(17,243,848)	24,425,911
65. Income from investment of pension funds and similar obligations	1,094,424	-
70. Other operating income	148,625,641	124,962,831
80. Administrative expense	561,265,512	432,377,797
a) payroll	301,768,890	223,548,989
<i>of which:</i>		
- wages and salaries	192,052,035	144,071,456
- social security contributions	48,121,912	37,500,824
- severance pay	11,683,516	8,968,957
- pensions and similar benefits	41,899,296	26,231,907
b) other administrative expense	259,496,622	208,828,808
85. Allocation of income from investment of pension funds and similar obligations	1,094,424	-
90. Writedowns of intangible and tangible fixed assets	33,964,690	18,023,073
100. Provisions for risks and charges	16,956,720	83,360,602
110. Other operating expense	17,716,052	23,165,912
120. Writedowns of loans and provisions for guarantees and commitments	2,040,971	9,807,967
130. Write-backs of loans and provisions for guarantees and commitments	12,276,402	9,740,446
150. Writedowns of financial investments	48,764,703	78,311,917
160. Write-backs of financial investments	27,482,218	7,333,217
<b>170. Profit (loss) before extraordinary items and income tax</b>	<b>1,900,007,862</b>	<b>1,378,861,681</b>
180. Extraordinary income	274,561,435	147,374,465
190. Extraordinary charges	27,880,037	26,325,140
<b>200. Extraordinary income (charges) - net</b>	<b>246,681,398</b>	<b>121,049,325</b>
210. Change in fund for general banking risks	-	-116,884,808
220. Income tax for the year	-109,996,965	-133,660,936
<b>230. Net profit (loss) for the year</b>	<b>€2,256,686,225</b>	<b>€1,750,456,750</b>



## Share Exchange Surplus and Cancellation Deficit arising out of the F2 Transaction

€ '000

COMPANY	CARRYING VALUE			SHARE-HOLDERS' EQUITY	SHARE EXCHANGE SURPLUS	DIFFERENCE FROM CANCELLATION
	OPENING AMOUNT	CAPITAL INCREASE	TOTAL			
Banca dell'Umbria 1462 S.p.A.	679,982	21	680,003	283,129	-55	396,929
Cassa Risparmio Carpi S.p.A.	290,300	1	290,301	135,117	-4	155,188
<b>Total</b>	<b>970,282</b>	<b>22</b>	<b>970,304</b>	<b>418,246</b>	<b>-59</b>	<b>552,117</b>

€ '000

	GOODWILL	PROPERTY VALUATION
UniCredit Banca S.p.A.	413,260	
UniCredit Banca d'Impresa S.p.A.	79,050	
UniCredit Private Banking S.p.A.	14,390	
UniCredit Real Estate S.p.A. *		30,636
	<b>506,700</b>	<b>30,636</b>
<b>Total deficit</b>		<b>537,336</b>
Deficit attributed to the Profit and Loss Account of UniCredito Italiano S.p.A.		14,781
<b>Total cancellation deficit</b>		<b>552,117</b>

\* The amount of € 30,636 thousand equals the revaluation of property transferred to UniCredit Real Estate S.p.A. (€ 47,137 thousand) net of deferred tax (€ 16,501 thousand).

# Internal Pension Funds: Statement of Changes in the Year and Final Accounts

(amounts in €)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>"Pension Fund for the employees of Cassa di Risparmio di Trieste Collections Division"</b>	109	-	Defined benefit		Payable by the company: 5.25% Payable by the employee: 1.35% - 3% depending on category
<b>Opening balance at 31.12.04</b>				<b>6,520,829</b>	
Benefits paid in the year				500,408	
Provisions for the year				503,100	
<b>Balance as at 31.12.05</b>				<b>6,523,521</b>	
<b>Mathematical reserves</b>				<b>6,523,000</b>	
<b>"Supplementary Pension Fund for employees of Cassa di Risparmio di Torino in liquidation"</b>	4	-			
<b>Opening balance at 31.12.04</b>				<b>2,131,084</b>	
Benefits paid in the year				9,909	
<b>Balance as at 31.12.05</b>				<b>2,121,175</b>	
<b>Mathematical reserves</b>				<b>241,000</b>	
<b>"Supplementary Pension Fund for the collection management staff of Cassa di Risparmio di Torino"</b>	184	-	Defined benefit		Payable by the company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>13,037,299</b>	
Benefits paid in the year				1,675,149	
Provisions for the year				2,880,400	
<b>Balance as at 31.12.05</b>				<b>14,242,550</b>	
<b>Mathematical reserves</b>				<b>14,242,000</b>	
<b>"Complementary Company Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, i.e. the Pension Fund for employees of the agencies of the Tax Collections Service, and for the employees of the tax collection agency of the Cassa di Risparmio di Trento e Rovereto Spa" Section A including "Company Pension Fund for the employees of the former Credito Fondiario Trento Spa"</b>	482	-	Defined benefit		Payable by the company on the basis of the technical accounts + average monthly Euribor rate on equity
<b>Opening balance as at 31.12.04</b>				<b>50,350,000</b>	
Benefits paid in the year				5,006,901	
Other decreases				9,994	
Provisions for the year				1,465,000	
Other increases				17,035	
<b>Balance as at 31.12.04</b>				<b>46,815,140</b>	
<b>Mathematical reserves</b>				<b>46,825,000</b>	

(Statement of changes in Internal Pension Funds continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>“Contract for Pensions and Social Security for Staff belonging to the Management/Senior Management, Officers, Managers, Employees, Subordinate employee and Auxiliary staff categories of Cariverona Banca Spa”</b>	1.069	6	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>90,863,376</b>	
Benefits paid in the year				9,240,314	
Provisions for the year				14,365,500	
<b>Balance as at 31.12.05</b>				<b>95,988,562</b>	
<b>Mathematical reserves</b>				<b>95,988,000</b>	
<b>“Supplementary pension fund of the obligatory insurance, invalidity, widows and survivors insurance managed by the INPS of the Cassa di Risparmio di Ancona” (absorbed on 1/10/89 by Cariverona Banca Spa)</b>	49	1	Defined benefit		Payable by the Company 10% + technical accounts
<b>Opening balance as at 31.12.04</b>				<b>4,585,565</b>	
Benefits paid in the year				487,592	
Provisions for the year				1,246,700	
Other increases				4,207	
<b>Balance as at 31.12.05</b>				<b>5,348,880</b>	
<b>Mathematical reserves</b>				<b>5,348,000</b>	
<b>“Pension fund for employees, clerks and auxiliary workers of Banca Cuneese Lamberti Meinardi &amp; C. - Cuneo” (absorbed on 1/8/92 by Cariverona Banca Spa)</b>	29	6	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>4,418,604</b>	Payable by employees: 1%
Benefits paid in the year				279,237	
Provisions for the year				739,300	
Other increases				2,390	
<b>Balance as at 31.12.05</b>				<b>4,881,057</b>	
<b>Mathematical reserves</b>				<b>4,881,000</b>	
<b>“Pension fund for the employees of the former Credito Fondiario delle Venezie Spa”</b>	9	-	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>1,509,708</b>	
Benefits paid in the year				102,375	
Provisions for the year				153,700	
<b>Balance as at 31.12.05</b>				<b>1,561,033</b>	
<b>Mathematical reserves</b>				<b>1,561,000</b>	

(Statement of changes in Internal Pension Funds continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>"Agreement for the regulation of the Pension benefits of the employees of the Istituto Federale delle Casse di Risparmio delle Venezie Spa"</b>	65	-	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>5,723,227</b>	
Benefits paid in the year				568,568	
Provisions for the year				838,600	
<b>Balance as at 31.12.05</b>				<b>5,993,259</b>	
<b>Mathematical reserves</b>				<b>5,993,000</b>	
<b>"Internal Company Fund (FIA) of the former Credito Romagnolo" + CIP former Banca del Friuli</b>	1,305	-	Defined benefit		Payable by the Company: 2.5% - 6% + 2.5% of assets Payable by employees: 2% - 6%
<b>Opening balance as at 31.12.04</b>				<b>169,368,319</b>	
Benefits paid in the year				10,514,127	
Provisions for the year				4,109,000	
<b>Balance as at 31.12.05</b>				<b>162,963,192</b>	
<b>Mathematical reserves</b>				<b>123,573,000</b>	
<b>"Supplementary Pension Fund for the employees of the former Carimonte Banca Spa"</b>	179	-	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>16,632,953</b>	
Benefits paid in the year				1,325,637	
Provisions for the year				1,157,380	
<b>Balance as at 31.12.05</b>				<b>16,464,696</b>	
<b>Mathematical reserves</b>				<b>14,877,000</b>	
<b>"Fund for the employees of Magazzini Generali"</b>	3	-	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>131,000</b>	
Benefits paid in the year				11,518	
Provisions for the year				16,600	
<b>Balance as at 31.12.05</b>				<b>136,082</b>	
<b>Riserve matematiche</b>				<b>136,000</b>	
<b>"Supplementary retirement benefits in favour of the members of the General Management of Credito Italiano who retired between 1 January 1963 and 30 September 1989 attributed to UniCredito Italiano"</b>	20	-	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04</b>				<b>14,186,506</b>	
Benefits paid in the year				1,714,038	
Provisions for the year				1,405,000	
Other increases				544	
<b>Balance as at 31.12.05</b>				<b>13,878,012</b>	
<b>Mathematical reserves</b>				<b>13,878,000</b>	

(Statement of changes in Internal Pension Funds continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>"Company Pension Fund supplementing INPS benefits. Additional-benefit reserve accounts for employees of former Banca dell'Umbria 1462 S.p.A."</b>	146	-	Defined benefit		Payable by the Company: mathematical reserve coverage Payable by employees: 1.500%
<b>Opening balance as at 31.12.04 <sup>1</sup></b>				<b>16,029,327</b>	
Benefits paid in the year				1,189,553	
Provisions for the year				74,958	
Other increases				3,182,776	
<b>Balance as at 31.12.05</b>				<b>18,097,508</b>	
<b>Mathematical reserves</b>				<b>12,909,000</b>	
<b>"Company Pension Fund supplementing INPS benefits. Defined-contribution account of former Banca dell'Umbria 1462 S.p.A."</b>	-	684	Defined benefit		Employees ante: <sup>*</sup> - payable by employees min.0.25% with the option of contributing also with the sever. pay - payable by the Company: 2% - 6.28% Employees post: <sup>*</sup> - payable by employees: min. 0.25% + severance pay - payable by the Company: 2%
<b>Opening balance as at 31.12.04 <sup>1</sup></b>				<b>31,534,931</b>	
Capital paid in the year				2,658,340	
Replacement tax				78,381	
Other decreases				21,758	
Provisions for the year				1,370,085	
Other increases				1,811,752	
<b>Balance as at 31.12.05</b>				<b>31,958,289</b>	
<b>"Company Pension Fund supplementing INPS benefits. Cost-of-living allowance Account of former Banca dell'Umbria 1462 S.p.A."</b>	-	-	Defined benefit		
<b>Opening balance as at 31.12.04 <sup>1</sup></b>				<b>201,705</b>	
Provisions for the year				4,502	
<b>Balance as at 31.12.05</b>				<b>206,207</b>	

<sup>1</sup> amounts deriving from the absorption of Banca dell'Umbria S.p.A.

<sup>\*</sup> ante and post employees: those who joined the complementary Pension fund before and after 28.4.1993, when Legislative Decree 124/93 came into force.

(Statement of changes in Internal Pension Funds continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>Statement of the "Complementary Pension Fund of the general obligatory insurance for the employees of the credit section of Cassa di Risparmio di Trento e Rovereto Spa, i.e. the Pension Fund for the employees of the tax collection agencies of the Tax Collection Service and for the employees of the tax collection agency of Cassa di Risparmio di Trento e Rovereto Spa" Sections B e C</b>	-	716	Defined contribution - individual capitalisation		Payable by the Company for employees ante*: min. 2% max 14.35% for employees post*: min. 2% - max 2.35% + empl. sever. pay + average monthly Euribor rate on equity
<b>Opening balance as at 31.12.04</b>				<b>41,809,554</b>	
<b>Decreases:</b>				<b>4,683,554</b>	
Capital paid out in the year				4,305,621	
Other changes:					
- transfer to other pension funds				214,040	
- payment of insurance policy covering death and invalidity risk				163,893	
<b>Increases:</b>				<b>4,330,997</b>	
Performance of liquid assets net of operating costs and replacement tax				764,815	
Other changes:					
- contributions paid by employees and the Company <sup>1</sup>				113,434	
- contributions paid by other Group Companies <sup>1</sup>				3,438,603	
- other				14,145	
<b>Balance as at 31.12.05</b>				<b>41,456,997</b>	Payable by employees: by employees ante 0.50% by employees post 2%

<sup>1</sup> includes employee severance pay and costs in respect of death and invalidity risk cover

<b>FUND ASSETS</b>	
Liquid assets	41,543,285
Items to be settled	-86,288
<b>Total assets</b>	<b>41,456,997</b>

\* ante and post employees: those who joined the complementary Pension fund before and after 28.4.1993, when Legislative Decree 124/93 came into force

(Statement of changes in Internal Pension Funds continued)

FUNDS AND DESCRIPTION OF MOVEMENTS	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>"Company Pension Fund supplementing INPS benefits Cassa di Risparmio Carpi S.p.A. Pension account" Statement</b>	-	303	Defined contribution - individual capitalization		Contribution rate employees ante*: from 0% in steps of 0.5% + employee severance pay, up to 2.325% (voluntary)
<b>Opening balance as at 31.12.04 <sup>1</sup></b>				<b>9,300,294</b>	
<b>Decreases:</b>				<b>685,762</b>	
Capital paid out in the year				662,369	Company contribution rate:
Capital to be settled				22,349	- seniority in the Fund 31.12.96 (under 10 years: 3.5%, from 11 to 20 years: 4%, from 21 to 25: 5%, from 26 to 30: 6%, from 31 to 35 years: 6.5%, over 35 years: 1.5%)
Other changes:					- rates according to age as at 31.12.96:
- change in replacement tax for previous year				1,044	under 30: 1, from 31 to 35: 1.1, from 36 to 40: 1.2, from 41 to 45: 1.25, from 46 to 50: 1.3
<b>Increases:</b>				<b>1,259,856</b>	Contribution rate employees post*:
Performance of securities and liquid assets net of operating costs and replacement tax				228,993	- from 0% to 2% in steps of 0.5% + empl. severance pay
Other changes:					Company contribution rate: 2%
- contributions paid by employees and the Company and contributions paid by other Group Companies <sup>2</sup>				1,018,512	
- other				12,351	
<b>Balance as at 31.12.05</b>				<b>9,874,388</b>	
<sup>1</sup> amount deriving from the absorption of Cassa di Risparmio di Carpi S.p.A. <sup>2</sup> includes employee severance pay					

<b>FUND ASSETS</b>	
Securities including accruals	9,668,646
Liquid assets net of items to be settled	205,742
<b>Total assets</b>	<b>9,874,388</b>

\* ante and post employees: those who joined the complementary Pension fund before and after 28.4.1993, when Legislative Decree 124/93 came into force

(Statement of changes in Internal Pension Funds continued)

FUNDS AND DESCRIPTION OF CHANGES	NO. RETIRED AS AT 31.12.2005	EMPLOYEES IN SERVICE AS AT 31.12.2005	TYPE	ACCOUNTING FIGURES	CONTRIBUTION RATE
<b>Statement of "Company Pension Fund supplementing INPS benefits Cassa di Risparmio di Carpi S.p.A. Defined-benefit reserve account re: retired employees"</b>	69	-	Defined benefit		Payable by the Company on the basis of the technical accounts
<b>Opening balance as at 31.12.04 <sup>1</sup></b>				<b>3,992,368</b>	
<b>Decreases:</b>				<b>530,897</b>	
Benefits paid in the year				530,897	
<b>Increases:</b>				<b>625,529</b>	
Performance of securities and liquid assets net of operating costs and replacement tax				100,616	
Provision for adjustment to the mathematical reserve				524,913	
<b>Balance as at 31.12.05</b>				<b>4,087,000</b>	
<b>Mathematical reserves:</b>				<b>4,087,000</b>	
- of which: Reserve account re: retired employees				4,034,000	
- of which: cost-of-living allowance account				53,000	

<sup>1</sup> amount deriving from absorption of Cassa di Risparmio di Carpi S.p.A.

FUND ASSETS	
Securities including accruals	3,546,266
Liquid assets net of items to be settled	540,734
<b>Total assets</b>	<b>4,087,000</b>

UniCredito Italiano pension funds, which are not managed as separate, autonomous legal entities, increased following the absorption of Cassa di Risparmio di Carpi S.p.A. and Banca dell'Umbria 1462 S.p.A. into the Holding Company.

Pension funds of the absorbed banks include defined-benefit sections, which are reserved for retired employees, and defined-contribution sections with individual capitalisation for active staff. Defined-contribution internal pension funds with individual capitalisation are listed below:

- Company Pension Fund supplementing the general obligatory insurance for employees of former Cassa di Risparmio di Trento e Rovereto Spa (credit and tax-collection) Sections B and C;
- Company Pension Fund supplementing INPS benefits of Cassa di Risparmio di Carpi Spa – defined-contribution section
- Company Pension Fund supplementing INPS benefits of former Banca dell'Umbria 1462 Spa – Sections B and C.

The above fund sections have segregated assets pursuant to Art. 2117 of the Italian Civil Code. Assets of the former Cassa di Risparmio di Carpi fund, including the defined-benefit section, are managed by Pioneer Investment Management SGRpa.



In respect of the former Caritro fund, the segregation of fund assets invested in liquid instruments was completed. UniCredit's Board of Directors resolved to invest Sections B and C of the former Banca dell'Umbria fund in liquid assets.

At the end of 2005, technical actuarial accounts of defined-benefit sections were based on common technical references. The discount rate applied is 4.25% and RG48 mortality tables are used.

Actuarial figures show adequate assets to meet commitments provided by the Regulations of the various Funds. The majority of defined-benefit internal funds have ended the accumulation phase and are now almost exclusively paying out pension benefits, there being only a few active employees still joining this kind of pension fund.

## Information on Reserves

(amounts in €)

DESCRIPTION OF RESERVES	RESERVES WHICH, WHEN DISTRIBUTED, DO NOT CONTRIBUTE TO SHAREHOLDERS' INCOME	RESERVES WHICH, WHEN DISTRIBUTED, CONTRIBUTE TO THE COMPANY'S TAXABLE INCOME	OTHER RESERVES	TOTAL
<b>Share premium reserve</b>	<b>16,794,944,517</b>	-	<b>21,225,846</b>	<b>16,816,170,363</b>
<b>Legal reserve</b>	-	-	<b>633,805,076</b>	<b>633,805,076</b>
<b>Reserve for own shares</b>	<b>358,415,712</b>	-	-	<b>358,415,712</b>
<b>Statutory Reserves</b>	-	-	<b>2,048,904,924</b>	<b>2,048,904,924</b>
Reserve pursuant to art. 55 Presidential Decree 597/73	-	59,490	-	59,490
Reserve pursuant to Law 516/82	-	1,624,498	-	1,624,498
Transfer Reserve pursuant to Law 218/90	-	205,633,008	56,710,666	262,343,674
Reserve pursuant to art. 7, paragr. 3, Law 218/90	-	214,746,671	-	214,746,671
Reserve pursuant to art.19, Leg. Decree 87/92	-	15,942	-	15,942
Reserve pursuant to art. 13, paragr. 6, Leg. Decree 124/93	-	732,988	-	732,988
Reserve pursuant to Leg. Decree 153/99	-	-	662,123,387	662,123,387
Share exchange reserve for former FONSPA shares	-	-	53,879,366	53,879,366
Reserve for spin-off differences of the former FONSPA	-	-	4,972,244	4,972,244
Share exchange surplus for merger by incorporation of federated banks and Credit Carimonte S.p.A. (S3 Reorganisation)	-	-	408,888,542	408,888,542
Share exchange surplus for merger by incorporation of OnBanca S.p.A.	-	-	48,383,134	48,383,134
Share exchange surplus for merger by incorporation of Banca dell'Umbria 1462 S.p.A.	-	54,360	-	54,360
Share exchange surplus for merger by incorporation of Cassa di Risparmio di Carpi S.p.A.	-	4,063	-	4,063
Reserve associated with the medium-term bonus programme for Group staff	-	-	10,740,742	10,740,742
Reserve for acquisition of own shares	641,584,288	-	-	641,584,288
<b>Other reserves</b>	<b>641,584,288</b>	<b>422,871,020</b>	<b>1,245,698,081</b>	<b>2,310,153,389</b>
Monetary equalisation reserve pursuant to Law 576/75	-	4,087,494	-	4,087,494
Monetary revaluation reserve, Law 72/83	-	84,657,918	-	84,657,918
Asset revaluation reserve, Law 408/90	-	28,965,054	-	28,965,054

(Information on Reserves continued)

DESCRIPTION OF RESERVES	RESERVES WHICH, WHEN DISTRIBUTED, DO NOT CONTRIBUTE TO SHAREHOLDERS' INCOME	RESERVES WHICH, WHEN DISTRIBUTED, CONTRIBUTE TO THE COMPANY'S TAXABLE INCOME	OTHER RESERVES	TOTAL
Property revaluation reserve, Law 413/91	-	159,309,563	-	159,309,563
<b>Revaluation reserves</b>	-	<b>277,020,029</b>	-	<b>277,020,029</b>
<b>TOTAL</b>	<b>17,794,944,517</b>	<b>699,891,049</b>	<b>3,949,633,927</b>	<b>22,444,469,493</b>
Pursuant to Article 109, paragraph 4, letter b) TUIR 917/86, a "distribution restriction" exists on the reserves and funds of € 81,790,162 relating to the provisions charged against tax for loan loss provisions, net of the associated deferred tax liabilities reported.				
<b>Reserves allocated to capital</b>				
Statutory Reserves	-	-	927,792,204	927,792,204
Share exchange reserve for former B.P.Rieti	-	-	5,377,866	5,377,866
Share exchange reserve for former Banca dell'Umbria 1462 S.p.A.	-	21,120	-	21,120
Share exchange reserve for Cassa di Risparmio di Carpi S.p.A.	-	1,370	-	1,370
Retained earnings transferred following UniCredito S.p.A. spin-off	-	-	6,045,804	6,045,804
Reserve associated with the medium-term incentive plan for Group staff	-	-	48,497,410	48,497,410
Taxed reserve pursuant to Law 833/73	-	-	43,742,293	43,742,293
Reserve pursuant to art. 55 Presidential Decree 917/86	-	2,354,011	-	2,354,011
Transfer reserve pursuant to Law 218/90	-	3,549,607	-	3,549,607
Reserve pursuant to art. 7, paragraph 3, Law 218/90	-	15,730,200	-	15,730,200
Reserve pursuant to Leg. Decree 153/99	-	12,029,434	-	12,029,434
Monetary equalisation reserve, Law 576/75	-	18,080,943	-	18,080,943
Monetary revaluation reserve, Law 72/83	-	130,471,883	-	130,471,883
Asset revaluation reserve, Law 408/90	-	53,304,684	-	53,304,684
Property revaluation reserve Law 413/91	-	263,596,574	-	263,596,574
<b>TOTAL</b>	-	<b>499,139,826</b>	<b>1,031,455,577</b>	<b>1,530,595,403</b>

## List of Properties

(Article 10, Law 72/83)

(amounts in €)

ADDRESS	PURCHASE PRICE AND ADDITIONS	REVALUATIONS LAW 408/90 LAW 413/91	GROSS CARRYING VALUE	DEPRECIATION	CARRYING VALUE AS AT 31.12.2005
<b>Verona</b> Palchi Teatro Filarmonico Via Mutilati,4	17,302	-	17,302	-	17,302
<b>Various locations</b> Various rural properties	..	5,337	5,337	-	5,337
	<b>17,302</b>	<b>5,337</b>	<b>22,639</b>	-	<b>22,639</b>
<b>(Leaseholds)</b>					
<b>London</b> Bourne Street - London S.W.1	437,764	-	437,764	137,048	300,716
	<b>437,764</b>	-	<b>437,764</b>	<b>137,048</b>	<b>300,716</b>
<b>Total</b>	<b>455,066</b>	<b>5,337 *</b>	<b>460,403</b>	<b>137,048</b>	<b>323,355</b>
* of which: Revaluation Law 408/90		1,139			
Revaluation Law 413/91		4,198			



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# Report of the Board of Auditors

Pursuant to Section 153 of Legislative Decree 58 dated 24 February 1998

To the Shareholders:

In 2005 we monitored compliance with the law and the instrument of incorporation, observance of the principles of correct administration, the adequacy of relevant aspects of the organisational structure and internal control and administrative/accounting systems and the reliability of the latter in correct representation of business operations, the means of concrete implementation of the rules of corporate governance laid down under codes of conduct drawn up by companies managing regulated markets or trade associations, to which the Company has publicly declared adherence, and the adequacy of instructions issued by the Company to its subsidiaries concerning the disclosure of information to the public, as laid down under Section 149 of Legislative Decree # 58 dated 24 February 1998.

We attended meetings of the Board of Directors and Executive Committee (16 and 12 meetings respectively) and obtained information from the Directors concerning business activities and key economic and financial operations engaged in by the Company and its subsidiaries, verifying that any measures resolved upon and implemented were in accordance with the law and articles of association and were not manifestly imprudent, reckless or evidence of a potential conflict of interest.

We did not discover any transactions that could be considered atypical and/or unusual including intra-group transactions and transactions with related parties.

Numerous ordinary intra-company transactions and transactions with related parties were completed in the course of the past year, on which you were informed in the Directors' report in line with current CONSOB regulatory requirements.

Under Article 23 of the articles of association, the auditors were provided with information on these transactions with a view to preparing a description and representation of their essential configuration.

The transactions were executed in the Company's interest, at arm's length and subject to the recovery of costs incurred for a Group interest.

...

We fulfilled our mandate through direct observation and inspections and meetings with the managers of the various functions, acquiring information, data and operating plans. We held periodic discussions with representatives of the auditing firm KPMG Spa, who, under the terms of Section 155 of Legislative Decree 58/1998, hold the mandate for the accounting audit of the financial statements of UniCredito Italiano, the consolidated financial statements of the UniCredito Italiano Group and a limited accounting audit on the half-yearly report, and are also responsible for verifying the proper keeping of company accounts and the correct recording of business operations in the accounts, with a view to the reciprocal exchange of key information.

2005 saw the continuing evolution of the Group's operational model, in the context of which, in particular, an Organisation and Quality Area was created within the Parent Company with the remit of overseeing the processes of the Group and the Parent Company, monitoring the quality of customer service and the pursuit of operational excellence. The activities of the Administrative and Control Processes department in 2005 related primarily to projects known as Basel II - Operational Risk, Adoption of IFRS and Invoice Payment. Planning interventions were implemented with a view to formulation of procedures for Claims, Management of Group Subjects and International Terrorism and decision-making protocols were prepared for the Parent Company's organisational model in line with the provisions of Legislative Decree 231/2001 which requires compliance in relation to administrative responsibility, the implementation of which is subject to the scrutiny of the 231 Compliance Control Committee, which reports annually to the Board of Directors and the Board of Auditors.

The year 2005 was characterised by aggregation with the Bayerische Hypo- und Vereinsbank AG Group ("HVB", including Bank Austria Creditanstalt AG) and completion of the F2 project, which involved the absorption by UniCredito Italiano of Banca dell'Umbria 1462 and Cassa di Risparmio di Carpi and the subsequent split-off and contribution of the relevant businesses to UniCredit Banca, UniCredit Banca d'Impresa, UniCredit Private Banking and UniCredit Real Estate.

The scale and complexity of these transactions involved all corporate structures in the necessary integration: for general information, the reader is referred to the annual report prepared by the Board of Directors on the system of corporate governance and adherence to the Code of Self-Discipline for listed companies. The rules of corporate governance adopted were carefully followed and assimilated adequately the expansion of the Group's scope of consolidation.

The Parent Company's audit structure as at 31 December 2005 comprised a workforce, unaltered since 2004, of 45 units together with 3 internal auditors at foreign branches and 6 members of staff seconded to the internal audit departments of the Group's leading banks in New Europe.

In 2005 the Group's audit department carried out considerably more audits than the 80 undertaken in 2004: the total number was 110 - 23 of which were general, 36 specific, 1 fact-finding and 50 follow-up - against a plan figure of 72.

The Board reports that, as in 2004, further steady improvement in overall risk protection emerged from the direct audit evaluation completed in 2005.

The integration with the HVB Group and the resulting new organisational structure of the Parent Company, resolved upon by the Board of Directors on 18 November 2005, necessitated an expanded Department, now known as the Internal Audit Department, designed to enhance functionality and achieve effective and efficient performance of the relevant activities over the Group's broader scope of consolidation, inter alia by steadily increasing staff numbers, the completion of which, still in progress, is essentially based on the following principles:

- separation of audits of the Parent Company from those of the Group, allocated respectively to a new Holding Internal Audit Unit and the Group Internal Audit Monitoring and On-site Audits Area;
- a dedicated system for monitoring the process of integration of the new Group through the formation of an Audit Integration, Quality and Control Area, whose aim is to analyse the various existing approaches and identify best practice to be commonly adopted.

In 2005, UniCredit Audit acquired new mandates from companies in the Group, for carrying out level-3 controls.

...

The Board's supervisory activities were also manifested in 17 inspections on a joint basis (including those conducted on foreign branches) and no significant facts emerged requiring reporting to the controlling bodies.

...

During the period, no complaints were filed with the Board of Auditors pursuant to Article 2408 of the Civil Code. Two claims, of negligible scale, were however filed with the Board concerning banks in the Group, to whom the claims were forwarded as appropriate after involving the appropriate Group functions.

...

In terms of mandates undertaken by the auditing firm, the following additional mandates were awarded:

- auditing of the Social and Environmental Report of the UniCredit Group, in consideration of fees amounting to €49,050;
- in relation to the new equity issue excluding option rights under the terms of Article 2441, subsection 4 of the Civil Code, for a maximum of 4,687,285,862 shares, to be offered for subscription to applicants for the public offers of exchange promoted by UniCredito Italiano and relating to the totality of shares in Bayerische Hypo- und Vereinsbank AG, Bank Austria Creditanstalt AG and Bank BPH SA, the following mandates:
  - a report on the issue price for shares to be issued excluding option rights under the terms of Sections 158, subsection 1 of the Legislative Decree dated 24 February 1998 and 2441 of the Civil Code;
  - a report on analysis of the consolidated financial statement and pro forma consolidated profit and loss account for the UniCredito Italiano Group for the periods ending 31 December 2004 and 30 June 2005;
  - issue of a report of analysis of projected data.

In relation to the above-mentioned mandates relating to the transaction in question, the sums billed totalled €4,000,000. The Board was not asked to provide a prior opinion in this instance, given that the Bank did not consider there was any obligation to do so, since the performance of these mandates is a compulsory legal requirement by primary and regulatory legislation on the accounting firm commissioned;

- auditing of the IFRS reconciliation statements and illustration of the effects of transition to International Financial Reporting Standards (IFRS), as required under Consob regulations, in consideration of fees amounting to €179,850.
- performance of the following mandates, conferred in 2004:
  - issue of a comfort letter for a bond issue on the US market in consideration of fees amounting to €95,000;
  - issue of comfort letters for bond issues on the European market in consideration of fees amounting to €465,000;
  - checking of the English version of the consolidated half yearly report as at 30 June 2005, for fees amounting to €5,500;
  - checking of the English version of the Company and Consolidated Accounts as at 31 December 2004, for fees amounting to €7,000.

No mandates appear to have been vested in operational entities present in Italy and belonging to the KPMG international network.

In respect of mandates vested in persons linked to the auditing firm and not operating in Italy, the Board ascertained that, in the course of 2005, KPMG Audyt Sp. Zo.o. was vested with the mandate of translation into Polish of parts of the document relating to the quotation of UniCredit shares on the Frankfurt stock exchange, for a total fee of €49,000. Once again, no prior opinion was requested of the Board for this mandate.

...

The Board has issued the requisite opinions under the terms of Article 2389 of the Civil Code in relation to fees payable to Directors fulfilling particular functions.

...

In line with instructions for the regulation of markets issued by Borsa Italiana [Italian stock exchange], you will be provided with an annual report on the corporate governance system and compliance with the Code of Self-Discipline for listed companies.

...

The auditing firm has informed us that it will express a positive opinion on the financial statement for the year and consolidated financial statement. The Board has ascertained that the financial statements have been drawn up in accordance with regulatory provisions and has ascertained that the information provided by the Board of Directors in their reports is comprehensive, sufficient and in line with data provided in the financial statements. The Board does not consider the appropriation of the operating profit proposed by the Board of Directors to be in conflict with regulatory or statutory provisions.

11 April 2006

THE AUDITORS  
GIAN LUIGI FRANCARDO (Chairman)  
GIORGIO LOLI  
ALDO MILANESE  
VINCENZO NICASTRO  
ROBERTO TIMO



## Report of the External Auditors







**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
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**(Translation from the Italian original which remains the definitive version)**

## **Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998**

To the shareholders of  
UniCredito Italiano S.p.A.

- 1 We have audited the financial statements of UniCredito Italiano S.p.A. as at and for the year ended 31 December 2005. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The responsibility for the audit of the financial statements of certain subsidiaries, representing 0.4% of total assets, rests with other auditors.

Reference should be made to the report dated 5 April 2005 for our opinion on the prior year figures which are attached to the financial statements at 31 December 2005.

- 3 In our opinion, the financial statements of UniCredito Italiano S.p.A. as at and for the year ended 31 December 2005 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.

Milan, 11 April 2006

KPMG S.p.A.

(Signed on the original)

Mario Corti  
Director of Audit



## Resolutions passed at the Shareholders' Meeting

"The Shareholders of UniCredito Italiano in the ordinary session of the Annual General Meeting, held on 12 May 2006, having regard to the Directors' and Statutory Auditors' Reports for the 2005 financial year, approved the Accounts for the year ended 31 December 2005, and approved the appropriation of net profit as recommended by the Board of Directors.

The declared dividend amounting to:

- € 0.22 for ordinary shares
- € 0.235 for savings shares

payable as of 25 May 2006, the share going ex-dividend on 22 May 2006, through intermediaries that are members of the Monte Titoli centralized management system.

The Shareholders also approved the 2006 long-term incentive plan for Group staff".





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